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## **Application Proof of**

# **Marketingforce Management Ltd**

## **邁富時管理有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

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### Marketingforce Management Ltd 邁富時管理有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

**Total Number of [REDACTED] under the [REDACTED]** : [REDACTED] Shares (subject to the [REDACTED])  
**Number of [REDACTED]** : [REDACTED] Shares (subject to adjustment)  
**Number of [REDACTED]** : [REDACTED] Shares (subject to the [REDACTED] and adjustment)  
**[REDACTED]** : HK\$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)  
**Nominal value** : US\$0.0000005 per Share  
**[REDACTED]** : [REDACTED]

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[REDACTED]

## **IMPORTANT**

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**[REDACTED]**

## **IMPORTANT**

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**[REDACTED]**

## **EXPECTED TIMETABLE<sup>(1)</sup>**

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[REDACTED]

## **EXPECTED TIMETABLE<sup>(1)</sup>**

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**[REDACTED]**

## **EXPECTED TIMETABLE<sup>(1)</sup>**

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**[REDACTED]**

## EXPECTED TIMETABLE<sup>(1)</sup>

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [REDACTED].*

*There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].*

### OVERVIEW

We are the largest marketing and sales SaaS solution provider in China in terms of revenue in 2022 with a market share of 2.6%, according to Frost & Sullivan. We deliver marketing and sales SaaS solutions through our Marketingforce platform to serve enterprises of any size with a variety of needs, from content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, to strategy and management. Our precision marketing services also provide one-stop, cross-media online marketing solutions to advertising customers to help them precisely and effectively reach target audiences on leading media platforms. We serve a diverse base of advertising customers across a variety of industries. Leveraging our understanding of their business and marketing demands, we formulate and execute customized marketing plans for them covering designing, launching, monitoring and optimizing their advertisement campaigns. In 2021, 2022 and 2023, we generated 50.0%, 46.4% and 57.0% of revenue from our SaaS business and 50.0%, 53.6% and 43.0% of revenue from precision marketing services, respectively.

The modern marketing and sales value chain is full of challenges, given its extensiveness and complexity and enterprises’ lack of relevant experience. Enterprises find it difficult to generate marketing content in large amounts, formulate marketing strategies, promote leads conversion and perform ongoing customer management, which has been further complicated by massive amounts of use cases on a variety of marketing channels. Embedded with intelligent technologies and marketing strategies, marketing and sales SaaS products have quickly become popular in China as they could enhance operation efficiencies of enterprises through digitalizing and automating execution of critical tasks. Offered in a modular and scalable method, marketing and sales SaaS products cater to the preference among enterprises for more flexible subscription models. China’s marketing and sales SaaS solution market has been developing rapidly along with the acceleration of digital transformation among Chinese companies. According to Frost & Sullivan, the size of China’s marketing and sales SaaS solution market has reached RMB20.6 billion in 2022 and is expected to further grow to RMB74.5 billion in 2027 at a CAGR of approximately 29.3%.

## SUMMARY

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Adhering to the customer-centric principle, we currently offer marketing and sales SaaS products and precision marketing services to address the evolving needs of Chinese enterprises. Being one of the first movers to promote marketing and sales SaaS products in China, we have been dedicated to designing and constructing our Marketingforce platform, which represent our comprehensive capabilities to deliver holistic marketing and sales SaaS solutions to customers. Our SaaS products delivered through Marketingforce platform are more than standardized cloud-based services, but also the latest marketing strategies, practical marketing methodologies and industry know-how to empower enterprises’ entire marketing and sales process. Enabled by cloud computing, big data analysis and AI technologies, our SaaS products help enterprises conduct effective and efficient marketing and sales management for different use cases. We currently offer 237 functional modules through Marketingforce platform to address enterprises’ various concerns in relation to marketing and sales. Based on the common characteristics of specific groups of customers, we design and structure signature SaaS products, such as T Cloud and True Client, by assembling functional modules selected from a pool of all 237 modules to more effectively address the pain points shared by such groups of customers.

Leveraging our marketing experiences accumulated for over a decade, we also provide advertising customers with precision marketing services to help them effectively place advertisements primarily on top media platforms in China. Our online advertisement solution services primarily consist of advertising campaign planning, advertising content production, ongoing monitoring and real-time optimization, through which enterprises would improve their marketing results and conversion rate. Our online advertisement distribution services mainly involve account management as well as advertisement production and distribution.

We believe that innovation and technology are key to our success. We have been dedicated to proprietary technology development and have formed a mature and comprehensive R&D system, underpinned by our Shanghai-Wuhan dual R&D center deployment. As of December 31, 2023, our R&D team consisted of 461 staff focusing on areas such as cloud computing, big data analytics and AI, reinforcing the technology foundation for Marketingforce platform. Our cloud computing technology architecture, highlighted by advanced distributed storage and scalable data processing capabilities, ensures that the three layers of Marketingforce platform working in a collaborative way to deliver optimal results. Our big data analytical engine, applying our self-developed algorithms, helps enterprises improve and inform their marketing decisions and sales management. We have been focused on researching AI technologies and applying them in our SaaS products to empower enterprises’ entire marketing and sales process. For example, the AI content generation feature of our SaaS products, using NLP, machine learning and data intelligence technologies, helps enterprises overcome difficulties in mass production of quality content. We won the Second Prize for National Science and Technology Progress Award, and the First Prize for Shanghai Science and Technology Progress Award. We have been certified as a National High-Tech Enterprise and enjoy favorable tax treatment. Further, we are recognized as the National Model Academician and Expert Workstation by the Chinese Association for Science and Technology.

## SUMMARY

For over ten years, we have been committed to building an efficient sales network and mechanism to achieve effective customer coverage and sustainable growth. At the core of our sales system is our direct sales team, which is dedicated to upholding our customer-centric tenet through relentlessly exploring and addressing the needs of our customers. To fulfill our goal of being our customers’ lifelong partner, we have formed a customer success team that is designed to help our customers maximize the benefits from using our SaaS products. We seek to maintain mutually beneficial relationships with customers and have gained the trust of numerous customers across the full spectrum of industries, presenting us with further cross-selling and up-selling opportunities. In 2021, 2022 and 2023, the number of the users of our SaaS business amounted to 24,127, 23,647 and 25,495, respectively; during the same years, for our SaaS business, the average contract value per user of our SaaS business was RMB45,026, RMB41,584 and RMB51,238, respectively. We have also built a diversified customer base for precision marketing service business, with a proven track record for serving leading enterprises with a strong willingness to pay. In 2021, 2022 and 2023, we served 845, 998 and 1,042 advertising customers, respectively, with average spending per advertising customer being RMB5.5 million, RMB5.9 million and RMB6.1 million respectively.

We experienced rapid growth during the Track Record Period. Our revenue increased from RMB877.2 million in 2021 to RMB1,142.8 million in 2022 and further to RMB1,232.1 million in 2023. During the Track Record Period, we have achieved a strong development in the SaaS business, with its revenue increasing from RMB438.6 million in 2021 to RMB529.9 million in 2022 and further to RMB702.4 million in 2023, at a CAGR of 26.5%. Notwithstanding the slight decreases in the number of users and the average contract value per user of our SaaS business in 2022 as compared to 2021 due to the adverse impact of the COVID-19 pandemic, our revenue from SaaS business increased from 2021 to 2022, primarily attributable to our fulfillment of contracts that were entered into in 2021. In 2021, 2022 and 2023, the gross margins of our SaaS business were 90.1%, 89.2% and 87.7%, respectively. In 2021, 2022 and 2023, our revenue from precision marketing service business were RMB438.6 million, RMB612.9 million and RMB529.7 million.

## OUR PRODUCTS AND SERVICES

During the Track Record Period, we generated revenue from operating SaaS business and offering precision marketing services to customers. The following table sets forth our revenue by business segment for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	438,642	50.0	529,877	46.4	702,378	57.0
Precision marketing services	438,589	50.0	612,899	53.6	529,742	43.0
<b>Total</b>	<b>877,231</b>	<b>100.0</b>	<b>1,142,776</b>	<b>100.0</b>	<b>1,232,120</b>	<b>100.0</b>

## SUMMARY

The following table sets forth a summary of the different marketing services we provide:

	<b>Marketing SaaS</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Service scope</b>	Provision of functional modules for users to produce and distribute marketing content on their own	Account management, traffic procurement, advertisement production and distribution, marketing strategy formulation and optimization	Account management, traffic procurement, advertisement production and distribution
<b>Major customer types</b>	B2B companies	B2C companies	B2C companies
<b>Major media platforms</b>	Our marketing SaaS products primarily help users utilize free or low-cost internet traffic in both public and private domain, where platforms allow all accounts to post content following the user guidelines. Such platforms include short video platforms and social media platforms (such as Douyin, Kuaishou and Bilibili), other media platforms (such as Sina News and Sohu News), as well as long-tail B2B websites (such as sooshong.com (首商网) and 51sole.com (搜了网))	We purchase advertising traffic in public domain, with relatively higher traffic procurement costs, for customers from leading media platforms, including short video platforms, social media platforms and e-commerce platforms	We purchase advertising traffic in public domain, with relatively higher traffic procurement costs, for customers from leading media platforms, including short video platforms, social media platforms and e-commerce platforms

## SUMMARY

	<b>Marketing SaaS</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Revenue model</b>	Revenue is recognized in the form of SaaS subscription fees	Revenue is recognized on a gross basis, being the service fees (charged mainly based on the traffic procured) deducting rebates offered to the advertisers	Revenue is recognized on a net basis, being the amount of rebate granted by media platforms deducting rebates offered to the advertisers
<b>Traffic acquisition costs charged by media platforms</b>	The traffic is typically free-of-charge or offered at low costs	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT
<b>Pricing policies</b>	We charge our users subscription fees based on the service capacity; see “– SaaS Business – Pricing Model”	We determine the service fees mainly based on the traffic procured, subject to advertising budget and requested KPIs	We charge our customers based on the traffic procured
<b>Rebates from media platforms</b>	N/A	The media platforms grant us a certain amount of rebates based on the traffic procured	The media platforms grant us a certain amount of rebates based on the traffic procured
<b>Rebates to advertisers</b>	N/A	We offer rebates to advertisers as incentives	We offer rebates to advertisers as incentives

### SaaS Business

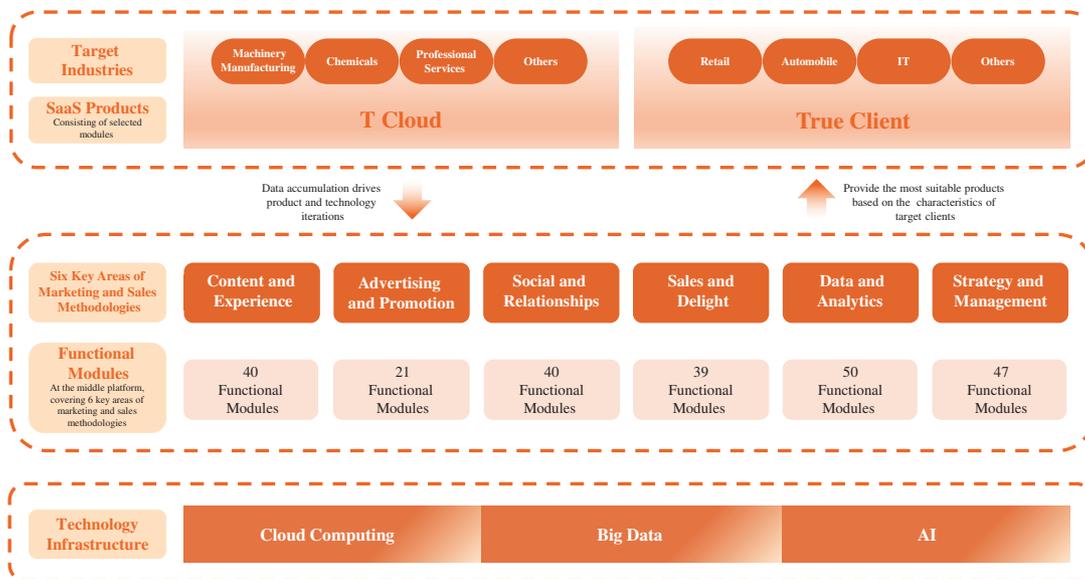
Leveraging the flexibility and scalability offered by our Marketingforce platform, we are able to meet each user’s diverse needs for marketing and sales activities by selecting the most suitable functional modules and combining them into standardized SaaS products, helping users from various industries to acquire sales leads, improve conversion rate and grow sales at lower costs. See “Business – SaaS Business.”

## SUMMARY

### Our Marketingforce Platform

We deliver our marketing and sales SaaS products through the Marketingforce platform, which represents our comprehensive capabilities to address customers’ needs. It is a multi-tier platform, the bedrock of which comprises our core technology capabilities, namely cloud computing technology, big data analytics and AI, which have enhanced performance of our products and improved user experience. We currently offer 237 functional modules on Marketingforce platform, which have incorporated the marketing experience accumulated from our operations, covering the entire marketing and sales process, from content generation, distribution, data analysis, sales promotion and overall strategy management. Our Marketingforce platform allows subscription of standalone functional modules or several of them as a package. To better address the common pain points faced by certain customer groups, we have developed SaaS products, such as T Cloud and True Client, which contain recommended functional modules to achieve optimal results. Our Marketingforce platform’s holistic solutions are able to address the needs of different industry backgrounds, business models and operation scales.

The chart below illustrates the key components of the Marketingforce platform:



**Technology platform.** Marketingforce Platform is powered by cloud computing, big data and AI technologies. Leveraging our cloud computing capabilities, we structure the Marketingforce platform to consist of the technology infrastructure layer, the data middle platform and the SaaS layer, which together support our product and service offerings. Big data analytics allow users to collect, store and analyze the data generated at different stages of their sales and marketing activities. We provide our users with AI capabilities that handle repetitive tasks, generate contents and facilitate with strategy formulation, to increase productivity and save labor and other costs.

## SUMMARY

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**Functional modules.** Based on our accumulated practice know-how covering the major stages of marketing and sales activities, namely, content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management, we had developed and launched 237 functional modules as of December 31, 2023. Most of the functional modules are designed to perform a certain type of tasks that facilitates or automates users' marketing and sales activities. For example, we offer different modules to intelligently generate text, graphic and video content, profile the potential customers, or create standard operation procedures for customer and community management. In addition, we deliver a number of modules for strategy formulation and internal management to support the users' sales and marketing activities. We continually iterate on these modules and develop new ones based on the latest industry trends and customer needs.

**SaaS products.** We combine a series of functional modules and build our marketing and sales SaaS product matrix addressing the specific pain points and needs of different user groups. We have designed and launched our signature SaaS products, T Cloud and True Client, each consisting of a variety of pre-configured functional modules to serve companies' needs in their marketing and sales management. T Cloud is an all-in-one marketing SaaS product empowering users' entire marketing process from official platform building and operation, to AI-empowered marketing content generation and distribution. True Client, on the other hand, addresses the sales process, and offers intelligent sales management tools including leads management, leads conversion and customer management. Both products allow users to improve their marketing and sales strategies through data visualization and analysis function. Looking forward, we expect to discover the distinct needs of more user groups and continually launch new products accordingly.

**Diversified customer base.** Marketingforce platform and users have a symbiotic relationship, and interact with each other in a mutual beneficial method and ultimately forming a flywheel effect. We offer a variety of product versions and flexible pricing models to help users remain vibrant throughout different stages of business development. Marketingforce platform has accumulated tens of thousands of users with diversified industry backgrounds, business models and operating scales. They help us to understand the latest marketing and sales needs, and upgrade our products and offerings accordingly.

### **T Cloud**

T Cloud is our signature all-in-one marketing SaaS product that addresses users' various needs for intelligent marketing. Based on our deep understanding of marketing methodologies and enterprise needs, we have developed T Cloud by selecting functional modules on the Marketingforce platform and configuring them to cover the entire marketing process. We offer different versions of T Cloud and deliver up to 89 functional modules. Users of T Cloud can further customize their subscriptions by purchasing additional functional modules, or subscribing to higher usage limits for certain features, on the Marketingforce platform and adding them to their portfolio of T Cloud products. Additionally, users subscribe to multiple user accounts for different product or service lines or different salespeople, each with specific marketing strategies and content for better results.

## SUMMARY

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### *True Client*

We deliver True Client, a customer resource management platform integrated with the mainstream social platform for comprehensive customer relationship management and data analytics. Particularly, our True Client has connection with mainstream social platforms such as WeCom. Such connection allows users to conveniently transport the contacts and other information of the sales leads from relevant social platforms to True Client, thereby providing the following functions: (i) managing customer information, (ii) interacting with customers, (iii) providing customer services, (iv) launching online customer events, and (v) conducting customer data analytics. Thus, True Client empowers users from a wide range of industries who connect with customers through social platforms but need to improve sales efficiency. True Client helps its users develop effective sales strategies to increase conversions and better manage their sales force with an all-in-one platform. We offer up to 159 functional modules to empower the entire sales process for users of different business sizes and sales force, including 81 customer relationship management related functional modules and 78 ancillary modules. The standard version of True Clients primarily facilitates the four stages of sales activities, while the professional version is further equipped with ancillary modules for features such as customer data management and AI-enabled growth automation, fully addressing our customers' personalized needs. True Client is designed to digitalize the interactions between users' sales staff and their customers, improving sales efficiency and customer experience. True Client helps users close the value loop of the lead-to-cash process, convert sales leads to customers, and further into promoters who are willing to re-purchase users' products and services and recommend them to a wider group of potential customers.

### **Precision Marketing Services**

We offer two types of online marketing services, namely, online advertisement solution services and online advertisement distribution services. Under the online advertisement solution services, we provide one-stop, cross-media online marketing solutions for companies in a wide range of industries by designing, launching, monitoring and optimizing their advertisement campaigns, with a strategic focus on top media platforms. In addition, we provide online advertisement distribution services to advertising service providers where we act as an agent, instead of a principal, and place advertisements on their behalf and through their respective advertising accounts on the media platforms designated by our customers. We acquire traffic from our media partners to place advertisements for our advertising customers. We serve a diverse base of advertising customers across a variety of industries, including direct advertising customers with actual marketing demands and channel customers who entered business relationships with us on behalf of their advertising customers. See "Business – Precision Marketing."

## SUMMARY

### KEY OPERATING DATA

The following table sets forth certain key operating data of our SaaS business and precision marketing services:

	Year ended December 31,		
	2021	2022	2023
<b>SaaS Business</b>			
Total users <sup>(1)</sup>	24,127	23,647	25,495
Average contract value per user (RMB) <sup>(2)</sup>	45,026	41,584	51,238
Subscription revenue retention rate <sup>(3)</sup>	136%	104%	87%
Subscription user retention rate <sup>(4)</sup>	76%	69%	69%
Monthly average revenue per user (RMB) <sup>(5)</sup>	1,515	1,867	2,296
<b>Precision Marketing Services<sup>(6)</sup></b>			
Number of impressions ( <i>in millions</i> )	175,972	267,870	395,373
Number of clicks ( <i>in millions</i> )	3,659	5,911	10,281
Click-through rate (%) <sup>(7)</sup>	2.08%	2.21%	2.60%
Number of advertising customers	845	998	1,042

*Notes:*

- (1) Defined as users who generated revenue within the relevant year. A user subscribing for multiple accounts is counted as one user.
- (2) Average contract value per user is calculated as the sum of the selling prices under all subscription contracts signed and revenue from orders placed during a given year, divided by the number of users signing such contracts or placing such orders with us in that year.
- (3) Subscription revenue retention rate for a given financial year is calculated as the revenue generated from subscriptions made by users who also made subscriptions that generated revenue in the prior financial year, divided by the total revenue generated from subscriptions in that prior financial year.
- (4) Subscription user retention rate for a given financial year is calculated as the number of users who generated revenue from subscriptions in both the current financial year and the prior financial year, divided by the total users who generated revenue from subscriptions in the prior financial year.
- (5) Monthly average revenue per user for a given year is calculated as the revenue from SaaS business in the year, divided by the number of users and then divided by 12 months. Since not every contract covers all twelve months of a given financial year, the monthly average revenue per user calculated by the above method may be lower than the actual payment we received in that month.
- (6) For our major media platforms.
- (7) Click-through rate is calculated as the total number of clicks divided by the total number of impressions.

The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, with our average contract value per user decreasing from RMB45,026 in 2021 to RMB41,584 in 2022, primarily due to our reduced marketing activities and higher customer attrition while our users reduced their marketing spending in light of the resurgences of the COVID-19 pandemic. Our subscription revenue retention rate decreased from 136% in 2021 to 104% in 2022, and our subscription user retention rate decreased from 76% in 2021 to 69% in 2022. As the COVID-19 pandemic subsided, we have recovered from such impacts and

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## SUMMARY

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continued business expansion, with the number of users of our SaaS business increasing to 25,495 in 2023, and the average contract value per user increasing to RMB51,238 in 2023, attributable to our efforts to launch new functional modules and enhance the effectiveness of existing ones to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network. Meanwhile, our subscription revenue retention rate decreased to 87% in 2023 while our subscription user retention rate remained at 69% in 2023, mainly due to the decrease in the contracts we entered into in the second half of 2022 affected by the COVID-19 pandemic, resulting in a decrease in the recurring revenue in 2023. With the overall growth of the revenue from SaaS business from RMB529.9 million in 2022 to RMB702.4 million in 2023, we believe we are able to sustain business expansion and draw in more high-quality users in the future.

Driven by our enhanced service capability and growing marketing demands, the number of advertising customers grew from 845 in 2021 to 998 in 2022 and further to 1,042 in 2023. Our click-through rate, which reflects the operational efficiency of the advertisement placement, remained relatively stable during the Track Record Period. According to Frost & Sullivan, our click-through rate during the Track Record Period was generally in line with the industry average, which typically ranges from 2% to 3%. See “Business – Precision Marketing – Key Operating Data.”

### CUSTOMERS AND SUPPLIERS

Our major clients are (i) enterprises who purchase our SaaS products, and (ii) advertising customers who purchase our precision marketing services. We have a large customer base and do not rely on users from specific industry verticals. We primarily target B2B enterprises as customers for our marketing SaaS products, which typically have businesses or high-value individuals as their clients. Our sales SaaS products primarily target B2B and B2C enterprises from a variety of industries. Our precision marketing business covers advertising customers from various industries, including e-commerce platforms, fast-moving consumer goods, healthcare, gaming, entertainment, and social media. We review our customer profiles from time to time to improve better operational efficiency and profitability. Revenue generated from our largest customer in each year of the Track Record Period accounted for 12.5%, 24.5% and 24.5%, respectively, of our total revenues during those years. Revenue generated from our five largest customers in each year of the Track Record Period accounted for 40.5%, 50.0% and 42.6%, respectively, of our total revenues during those years. See “Business – Customers.”

Our major suppliers are media platforms, and hardware and system suppliers. During the Track Record Period, our largest supplier is a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. Charges from our largest supplier in each year of the Track Record Period accounted for 59.5%, 87.3% and 83.2%, respectively, of our cost of sales during those years. Charges from our five largest suppliers in each year of the Track Record Period accounted for 90.3%, 92.4% and 91.7%, respectively, of our cost of sales during those years. During the Track Record

## SUMMARY

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Period, we had one of our five largest customers as our supplier, who contributed to 5.4%, 3.2% and 2.0% of our revenue in each year of the Track Record Period, respectively, and 0.6%, 0.1% and 3.8% of our cost of sales in each year of the Track Record Period, respectively. See "Business – Suppliers."

### OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will drive our growth in the future:

- A leading marketing and sales SaaS solution provider in China with strong growth momentum
- Powerful Marketingforce platform delivering all-in-one, end-to-end SaaS products to address a variety of needs for different use cases
- Strong R&D capability and leading proprietary technologies
- A broad and diversified customer base with huge growth potential
- Extensive sales network and comprehensive customer success system prioritizing customer experience
- A visionary management team with outstanding execution capability

### OUR STRATEGIES

We plan to focus on the following key strategies to achieve our mission and further consolidate our market leadership:

- Further consolidate our market leadership in marketing and sales SaaS solution market
- Continue to enhance Marketingforce platform and raise the overall competitiveness of SaaS products
- Continual investment in strengthening our R&D capabilities and maintaining technology edge
- Continually explore customer value and expand customer base
- Strategic acquisitions and investments

## SUMMARY

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### COMPETITIVE LANDSCAPE

We compete in a large and highly competitive market. Within the SaaS solution market in China, marketing and sales SaaS solutions are one of the most important segments due to the high-value propositions they bring to enterprises across different industries. According to Frost & Sullivan, in 2022, the marketing and sales SaaS solution market reached RMB20.6 billion, an increase from RMB7.3 billion in 2018 with a CAGR of 29.7% from 2018 to 2022. Looking forward, the marketing and sales SaaS solution market is expected to reach RMB74.5 billion in 2027, with a CAGR of 29.3% from 2022 to 2027. We are the largest marketing and sales SaaS solution provider in China, with revenue from SaaS business of RMB529.9 million in 2022, accounting for 2.6% of the market share, according to Frost & Sullivan. We maintain our market position through our ability to provide comprehensive functions based on accumulated industry knowledge, launch SaaS products that meet different customer needs, develop advanced technologies, establish an extensive sales network, and continuously improve our brand awareness.

According to Frost & Sullivan, the precision marketing market reached RMB1,028.7 billion in 2022, increasing from RMB517.2 billion in 2018 with a CAGR of 18.8% from 2018 to 2022, and is expected to reach RMB1,728.5 billion in 2027, with a CAGR of 10.9% from 2022 to 2027. The precision marketing market in China is highly fragmented. In 2022, the top five market players in China accounted for a market share of 10% to 15% in China. We accounted for approximately 0.06% of the total market in 2022 with revenue from precision marketing services of RMB612.9 million in China. We expect to compete effectively in the industry by continuing to maintain in-depth cooperation with leading media platforms and producing high-quality marketing content.

### RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our [REDACTED]. Some of the major risks that we face include: (i) If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our customers’ evolving needs and keep pace with technological developments, our customers may stop purchasing our products and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects; (ii) If our SaaS products contain serious errors or defects, we may lose our sources of revenue and our product users may lose confidence in our products and services. In addition, we may incur significant costs defending or settling claims with our product users as a result of such serious errors or defects; (iii) If our abilities in assessing and predicting potential target audiences are or become flawed or ineffective, our reputation and market share may be materially and adversely affected; (iv) We have incurred net losses during the Track Record Period, which may continue in the future; (v) We relied on a limited number of media platforms to place advertisements for our customers during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially

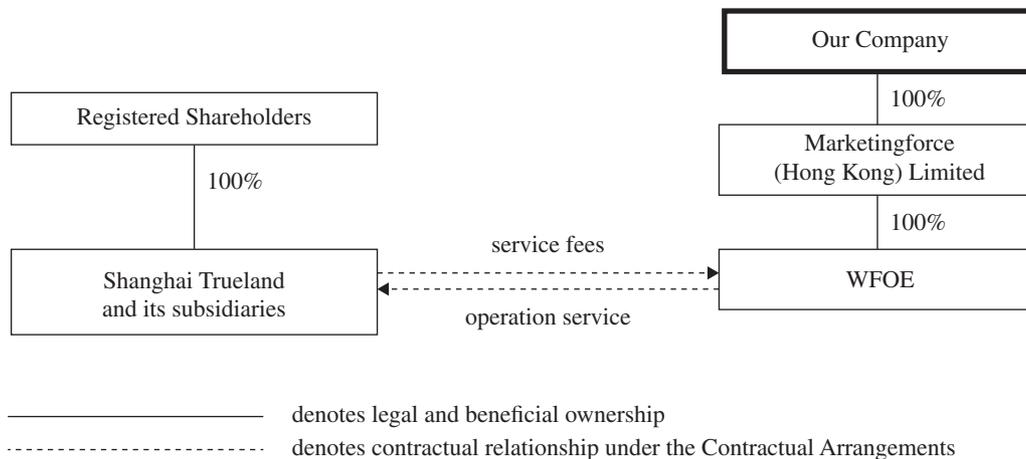
## SUMMARY

and adversely affected; (vi) Our business, growth and prospects are significantly affected by the growth of media platforms and use of SaaS products and precision marketing services in China; and (vii) We may face certain risks in collecting our trade and bills receivables and other receivables in relation to prepayments on behalf of advertising customers to third parties, and any failure to collect these could have a material adverse effect on our business, financial condition, and results of operations.

### CONTRACTUAL ARRANGEMENTS

Foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations, therefore we do not directly own any equity interests in our Consolidated Affiliated Entities. We control our Consolidated Affiliated Entities through the Contractual Arrangements, pursuant to which we have effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities. See “Contractual Arrangements” for details.

The following simplified diagram illustrates the key aspects of the Contractual Arrangement:



For risks relating to the Contractual Arrangements, see “Risk Factors – Risks Relating to Our Corporate Structure and Contractual Arrangements.”

### RSU SCHEME

The Company has adopted the RSU Scheme on November 10, 2021. As of the Latest Practicable Date, all Shares underlying the RSU Scheme have been issued and held by Isle Wealth, representing approximately [REDACTED]% of the share capital of our Company upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), and the RSU Scheme will not cause any dilution to the shareholding of the Company. Please refer to the section headed “F. RSU Scheme” of Appendix IV to the document for further details.

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## SUMMARY

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### OUR CONTROLLING SHAREHOLDERS

Mr. Zhao (also known by his alias name Zhao Xulong (趙旭隆)), our founder, chairman and chief executive officer, and Ms. Zhu, being the spouse of Mr. Zhao, have jointly invested in our Group for more than ten years, and have been acting in concert on the decision-making process as shareholders of the Company since then. As such, Mr. Zhao and Ms. Zhu are regarded as a group of Controlling Shareholders.

As at the Latest Practicable Date, Mr. Zhao, together with Ms. Zhu, indirectly held approximately 51.01% of the issued Shares in aggregate comprising (i) the 24.97% of the issued Shares held by Mr. Zhao through Willam Zhao Limited and Willian Zhao I Limited, both of which are wholly owned by Mr. Zhao, and (ii) the 26.04% of the issued Shares held by Ms. Zhu through Shuina Zhu Limited.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhao and Ms. Zhu will be interested in approximately [REDACTED]% of the total issued Shares in aggregate. Therefore, Mr. Zhao and Ms. Zhu, together with Willam Zhao Limited, Willian Zhao I Limited and Shuina Zhu Limited, will be the group of our Controlling Shareholders upon completion of the [REDACTED].

As of the Latest Practicable Date, none of our Controlling Shareholders, was interested in any business which competes, or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules. See “Relationship with Our Controlling Shareholders.”

### CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which would constitute continuing connected transactions under Chapter 14A of the Listing Rules after the [REDACTED]. These transactions include (i) certain guarantees provided by Mr. LIU Huan, a director of certain Consolidated Affiliated Entities, which will subsist following the completion of the [REDACTED]; and (ii) our Contractual Arrangements. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waiver in relation to the non-exempt continuing connected transactions between us and our connected persons under Chapter 14A of the Listing Rules. For further details, see “Connected Transactions”.

### PRE-[REDACTED] INVESTMENTS

Since our incorporation, we have attracted certain Pre-[REDACTED] Investors and completed several rounds of equity financing in the past few years to raise funds for the development of our business. For further information of the identity and background of the Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments.”

## SUMMARY

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants' Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

#### Selected Items from the Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of comprehensive income for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
<b>Revenue</b>	877,231	1,142,776	1,232,120
Cost of services	<u>(399,424)</u>	<u>(582,738)</u>	<u>(525,938)</u>
Gross profit	477,807	560,038	706,182
Selling and distribution expenses	(284,158)	(314,995)	(326,798)
Administrative expenses	(172,032)	(188,931)	(203,892)
Research and development expenses	<u>(160,588)</u>	<u>(224,621)</u>	<u>(210,037)</u>
<b>Loss before tax</b>	<u>(265,102)</u>	<u>(216,487)</u>	<u>(169,423)</u>
<b>Loss for the year</b>	<u><u>(272,589)</u></u>	<u><u>(216,455)</u></u>	<u><u>(169,478)</u></u>

#### Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back fair value changes of convertible redeemable preferred shares, interest on preferred shares and [REDACTED]. We

## SUMMARY

exclude such items in adjusted net loss (non-IFRS measure) primarily because (i) fair value changes of convertible redeemable preferred shares are non-cash in nature and are not expected to result in future cash payments to be made by us. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company, and financial liabilities at fair value through profit or loss (“FVTPL”) will be converted into equity upon the [REDACTED]; (ii) interests on preferred shares are non-cash finance costs arising from granting preferred shares, which we have ceased to incur since 2022; and (iii) [REDACTED] are expenses related to the [REDACTED]. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the year:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Reconciliation of net loss to adjusted net loss (non-IFRS measure):</b>			
Net loss for the year	(272,589)	(216,455)	(169,478)
Add:			
Fair value changes of convertible redeemable preferred shares	122,237	61,069	107,815
Interest on preferred shares	8,004	–	–
[REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<b>Adjusted net loss (non-IFRS measure)</b>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

We had net losses during the Track Record Period, primarily because we incurred substantial research and development expenses, administrative expenses and selling and distribution expenses during the process of rapid expansion of our SaaS business. According to Frost & Sullivan, SaaS solution providers often experience losses when expanding their business due to the time lag between revenue recognition and operational expenses. While SaaS companies bear substantial expenses in research and development, as well as selling and distribution and administration, the resultant revenue growth may manifest only at a subsequent phase, as the revenue is recognized over the term of the contracts. To timely capture the opportunities from the favorable governmental policies adopted in recent years and the rising marketing and sales SaaS market in China, since 2019, we have experienced significant increases in (i) research and development expenses to enhance the performance of our products and launch new functional modules, (ii) selling and distribution expenses to promote our SaaS business and expand our user base, and (iii) administrative expenses to support the fast growth of our business scale. As we are still in the process of expanding our SaaS business, we expect to record a net loss in 2024. See “Risk Factors – We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.”

## SUMMARY

Our adjusted net losses (non-IFRS measure) remained relatively stable at RMB138.4 million and RMB140.7 million in 2021 and 2022, respectively. Our adjusted net losses (non-IFRS measure) decreased from RMB140.7 million in 2022 to RMB36.1 million in 2023, primarily due to (i) an increase in gross profit, resulting from the increasing contribution of revenue from SaaS business, and (ii) a decrease in our research and development expenses, resulting from the enhanced efficacy and cost-efficiency of our research and development efforts.

### Revenue

The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	438,642	50.0	529,877	46.4	702,378	57.0
Precision marketing services	438,589	50.0	612,899	53.6	529,742	43.0
<b>Total</b>	<b>877,231</b>	<b>100.0</b>	<b>1,142,776</b>	<b>100.0</b>	<b>1,232,120</b>	<b>100.0</b>

### *SaaS Business*

During the Track Record Period, our revenue from SaaS business increased, primarily attributable to the increase in subscriptions, which was mainly attributable to that (i) we remain dedicated to launching new functional modules and enhancing the effectiveness of existing ones to better address the evolving needs of our customers; (ii) our sales network has experienced rapid growth during the Track Record Period; and (iii) we aspire to help our customers to achieve their goals and are devoted to providing them with quality services.

### *Precision Marketing Services*

From 2020 to 2022, revenue generated from our precision marketing services increased, primarily attributable to the increase in revenue from online advertisement solution services, which was recognized on a gross basis. The rapid growth of the revenue from our online advertisement solution services was primarily due to (i) the continuous enhancement of our marketing capability and improvement of service quality; (ii) our strategic focus on quality advertising customers with stronger marketing needs and the willingness to procure professional marketing services from us; and (iii) the fast development of the online marketing market in China, where we strive to capture and address the concerns of the growing number of enterprises with marketing demands. Revenue generated from our precision marketing

## SUMMARY

services decreased in 2023 as compared to 2022, primarily attributable to the decrease in the number of advertising customers for online advertisement solution services. Such decrease was mainly due to that we proactively adjusted our customer portfolio based on the factors such as the customers’ credit history, business prospect and gross billing, in order to improve overall profitability and operation efficiency while minimizing risk exposure.

### Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit by business segment in absolute amounts and gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	395,092	90.1	472,685	89.2	616,155	87.7
Precision marketing services	82,715	18.9	87,353	14.3	90,027	17.0
– Online advertisement solution services	8,460	2.4	7,942	1.5	7,348	1.7
– Online advertisement distribution services	74,255	89.2	79,411	94.8	82,679	97.6
<b>Total</b>	<b><u>477,807</u></b>	<b><u>54.5</u></b>	<b><u>560,038</u></b>	<b><u>49.0</u></b>	<b><u>706,182</u></b>	<b><u>57.3</u></b>

The fluctuations in our overall gross margins were primarily due to the changes in our revenue structure. Revenue from our SaaS business entailed relatively high gross margins due to the comparatively lower costs which mainly related to the procurement of third-party services and hardware to support its operation. In contrast, revenue from our precision marketing services entailed relatively low gross margins, primarily due to the higher costs which mainly related to the procurement of advertising traffic on media platforms for our online advertisement solution services. In addition, the fluctuations in the gross margins of our precision marketing service were generally in line with the changes in the revenue structure, as revenue generated from our online advertisement solution services was recognized on a gross basis and entailed a relatively lower gross margin. The fluctuations in the gross margin of online advertisement solution services were primarily attributable to the changes in rebate rates received from media platforms and granted to customers. See “Business – Precision Marketing – Rebates.” The overall increase in the gross margin of online advertisement distribution services was primarily due to a decrease in the staff costs. See “Financial Information – Description of Major Components of Our Results of Operations – Gross Profit and Gross Margin.”

## SUMMARY

### BUSINESS SUSTAINABILITY

In the future, we plan to achieve profitability by focusing on developing our SaaS business. To drive sustained revenue growth and profit, we plan to continue expanding our customer base through the implementation of marketing strategies. Along with the expansion of our customer base, the number of our existing customers is expected to increase, and we believe that a stable and extensive existing customer base will make further contribution to our revenue growth. In the meantime, according to Frost & Sullivan, as SaaS companies generally have relatively stable costs, for each newly acquired user, we would incur small incremental costs for providing services to such new user. In addition, we plan to continue improving and optimizing product performance and enriching product matrix to retain more users and incentivize their spending, thus creating more customer value and driving continued revenue growth to achieve profitability. Furthermore, we plan to increase operational efficiency to manage costs and expenses. See “Business – Business Sustainability.”

### Selected Items from the Consolidated Balance Sheets

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Total current assets	1,532,080	1,762,429	2,072,498
Total current liabilities	1,166,272	1,556,960	3,104,245
Total non-current assets	278,997	314,003	230,402
Total non-current liabilities	1,127,491	1,299,365	159,350
<b>Net current assets/(liabilities)</b>	<b>365,808</b>	<b>205,469</b>	<b>(1,031,747)</b>
<b>Net (liabilities)</b>	<b>(482,686)</b>	<b>(779,893)</b>	<b>(960,695)</b>

We had net current liabilities of RMB1,031.7 million as of December 31, 2023, compared to net current assets of RMB205.5 million as of December 31, 2022, primarily due to (i) the convertible redeemable preferred capital of RMB1,223.8 million that was recognized as current liabilities as of December 31, 2023 as compared to non-current liabilities as of December 31, 2022, (ii) an increase of RMB206.9 million in interest bearing bank and other borrowings, and (iii) an increase of RMB90.9 million in contract liabilities partially offset by an increase of RMB311.5 million in prepayments, other receivables and other assets which were mainly attributable to (a) increases in the amount of advances made to media platforms on behalf of our advertisers as we expanded the business scale of our online advertisement distribution services under precision marketing services and (b) our strategic policy to allow longer credit period to certain long term customers with good creditworthiness.

## SUMMARY

Our net current assets decreased from RMB365.8 million as of December 31, 2021 to RMB205.5 million as of December 31, 2022, primarily due to (i) an increase of RMB367.9 million in other payables and accruals, (ii) an increase of RMB61.1 million in contract liabilities, (iii) a decrease of RMB43.3 million in trade and bills receivables, (iv) an increase of RMB28.1 million in trade payables, and (v) an increase of RMB28.1 million in lease liabilities, partially offset by (i) an increase of RMB285.7 million in prepayments, other receivables and other assets, which was mainly attributable to the increase in other receivables in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services under precision marketing services, and (ii) a decrease of RMB94.6 million in interest-bearing bank and other borrowings.

Our net current liability position as of December 31, 2020 changed to a net current asset position as of December 31, 2021, primarily due to the transfer of the redeemable preferred capital (representing certain investors’ interests in Shanghai Trueland) in the amount of RMB168.4 million under current liabilities as of December 31, 2020 to the convertible redeemable preferred shares under non-current liabilities in 2021. The convertible redeemable preferred shares are measured at fair value through profit or loss. The difference between the carrying amount of redeemable preferred capital and the fair value of the convertible redeemable preferred shares in the amount of RMB58.7 million in 2021 was reflected as capital reserve in the statement of changes in equity. In addition, Mr. Zhao transferred a portion of his Ordinary Shares to certain investor on November 10, 2021. The difference between the carrying amount of the Ordinary Shares transferred by Mr. Zhao and the fair value of the convertible redeemable preferred shares in the amount of approximately RMB191.2 million in 2021 was reflected as capital reserve in the statement of changes in equity. See “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments.” As such, we recorded transfer to convertible redeemable preferred shares in the total amount of RMB249.9 million in 2021, which was reflected as capital reserve in the statement of changes in equity.

### Selected Items from the Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Net cash (used in)/from operating activities	(469,798)	64,806	(121,504)
Net cash used in investing activities	(70,018)	(39,576)	(66,101)
Net cash from/(used in) financing activities	679,229	(40,080)	121,921
<b>Cash and cash equivalents at the end of year</b>	<b><u>215,658</u></b>	<b><u>203,506</u></b>	<b><u>138,022</u></b>

## SUMMARY

During the Track Record Period, we had negative operating cash flows, primarily because the credit terms we grant to our precision marketing services customers are generally longer than those granted by media platforms to us. See “Risk Factors – Risks Related to Our Business and Industry – We have recorded negative operating cash flows in the past, which may continue in the future.” Specifically, in 2021 and 2023, we had net cash used in our operating activities of RMB469.8 million and RMB121.5 million, respectively, primarily due to (i) increases in prepayments, other receivables and other assets, which were mainly attributable to (a) increases in the amount of advances made to media platforms on behalf of our advertisers as we expanded the business scale of our online advertisement distribution services under precision marketing services and (b) our strategic policy to allow longer credit period to certain long term customers with good creditworthiness, and (ii) increases in trade and bills receivables, which were mainly attributable to (a) increases in revenue from online advertisement solution services and (b) the relatively large amounts of payments being made by bank acceptance bills from certain of our customers with good creditworthiness. See “Financial Information – Liquidity and Capital Resources – Cash Flow – Net Cash Flows (Used in)/from Operating Activities.”

To improve our operating cash flows, we intend to adopt measures, including (i) expediting the collection of trade and bills receivables and other receivables and negotiating with customers for advance payments and (ii) focusing on the growth of our SaaS business to further improve the revenue structure, thereby increasing the cash inflow. See “Financial Information – Liquidity and Capital Resources – Cash Flow.”

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Revenue growth (%)	66.2	30.3	7.8
<i>SaaS business (%)</i>	94.8	20.8	32.6
<i>Precision marketing services (%)</i>	44.9	39.7	(13.6)
Gross margin (%)	54.5	49.0	57.3
<i>SaaS business (%)</i>	90.1	89.2	87.7
<i>Precision marketing services (%)</i>	18.9	14.3	17.0

See “Financial Information – Period-to-Period Comparison of Results of Operations” for a discussion of the factors affecting our results of operations during the respective years.

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## SUMMARY

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### APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for [REDACTED] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2023, being RMB1,232.1 million, which is significantly over HK\$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalization at the time of the [REDACTED], which, based on the low end of the indicative [REDACTED] range, exceeds HK\$4 billion as required by Rule 8.05(3) of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED] include professional fees, [REDACTED] commission, and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), which consist of (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED]

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## SUMMARY

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million, including (a) fees and expenses of legal advisers and accountants of approximately HK\$[REDACTED] million, and (b) other fees and expenses of approximately HK\$[REDACTED] million. Approximately HK\$[REDACTED] million of the [REDACTED] expenses is directly attributable to the issue of our Shares to the public and is expected to be recognized directly as a deduction from equity upon the [REDACTED], approximately HK\$[REDACTED] million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$[REDACTED] million of the [REDACTED] expenses is expected to be expensed prior to the [REDACTED].

### FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% or HK\$[REDACTED] million, for enhancing our Marketingforce platform and cloud-based offerings.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to improve our underlying technologies including AI, big data analysis and cloud computing.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to expand our sales network, enhance customer success system and improve brand presence.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to achieve strategic investment and acquisition to enhance our Marketingforce platform, enrich our product matrix and improve existing product functions.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to working capital and general corporate purposes.

For more details on our plans for using the [REDACTED] of the [REDACTED], see "Future Plans and Use of [REDACTED]."

### DIVIDEND POLICY

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders. Our Company may declare and pay a dividend out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends

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## SUMMARY

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received from our subsidiaries, including the ones in the PRC. According to PRC law and regulations, we may not pay dividends unless we have distributable profits in a given year as determined under PRC GAAP or IFRS. PRC laws also require foreign-invested enterprises incorporated in PRC to set aside at least 10% of their after-tax profits, if any, to fund certain statutory reserves, until the statutory reserves reach and remain at or above 50% of the relevant PRC entity's registered capital, which are not available for distribution as cash dividends. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate.

During the Track Record Period, we have not declared or paid any dividends. Currently, we do not have a fixed dividend distribution ratio.

### IMPACT OF COVID-19

Since the end of December 2019, the outbreak of COVID-19, a novel strain of coronavirus, has affected the world in various aspects, with new variants and subvariants continuing to emerge. In the first half of 2022, the spread of Omicron, a new COVID-19 variant that is more infectious, resulted in resurgences of the pandemic around the world. In response to the COVID-19 pandemic, including the resurgences in 2022, miscellaneous measures were adopted to contain the virus, such as restrictions in travel and public transport, closure of some facilities and premises, and implementation of social distancing measures in various regions from time to time.

Our business operations and financial conditions were adversely affected by the COVID-19 pandemic in 2022, compared to the early stage of the COVID-19 outbreak during the Track Record Period. Due to the impact of the COVID-19, our operating activities were temporarily restrained, including our daily operations and sales and marketing efforts. In the first half of 2022, our offices in several major cities experienced temporal closure for different periods of time, which included Shanghai, Shenzhen, Wuxi and Suzhou. In particular, our headquarters in Shanghai were closed in April and May 2022. During the closure period, over 80% of our employees in our headquarters in Shanghai had to work from home, and we experienced higher level of absence in April and May 2022, comparing with that of the same period in 2021. Furthermore, our sales and marketing efforts also experienced difficulties during the outbreak of COVID-19 in Shanghai, as our sales personnel had to arrange more online customer visits, which are more challenging to secure orders as compared with offline customer visits. The COVID-19 also affected our customer support and after-sale services. For example, we faced difficulties in adjusting contracts promptly for clients who wished to switch their subscription with our products, and we also had trouble delivering invoices to customers during the pandemic, resulting in delayed payments. Our other offices were affected likewise during the relevant COVID-19 outbreak in the first half of 2022. As such, our revenue growth slowed down as our offline sales and marketing activities experienced difficulties during the outbreak. In addition, due to the impact of the pandemic in Shanghai from March to June in 2022, the value of our newly signed subscription contract for the second quarter decreased by

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## SUMMARY

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approximately 49.4% compared to the same period in 2021. Consequently, we recorded a year-over-year increase at 20.8% in the revenue from SaaS business in 2022. By contrast, we recorded a year-over-year increase of 94.8% in the revenue from SaaS business in 2021. Apart from the reduced sales activities mentioned above, however, our business operations and R&D activities were not materially affected by the COVID-19 pandemic. As a result, our financial condition was also affected in 2022. Our other receivables in relation to prepayments on behalf of advertisers to third parties increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, which was partially because of the extended credit periods we granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022. To maintain healthy business relationships with these advertising customers amid the COVID-19 pandemic, we granted longer payment terms, mainly from 90 days to 180 days, to such advertising customers. For example, the four largest advertising customers in terms of the ending balance amounts of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022 were granted the longer payment terms, with the amount of other receivables in relation to prepayment on behalf of the four advertising customers accounting for 74.3% of our total ending balance of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022. Moreover, our cost payable to media platforms on behalf of customers increased from RMB62.8 million as of December 31, 2021 to RMB319.8 million as of December 31, 2022, mainly attributable to that we slowed down our settlement process with media platforms due to COVID-19 pandemic. See “Financial Information – Prepayments, Other Receivables and Other Asset (Current)” and “Financial Information – Other Payables and Accruals (Current).”

Since the start of June, 2022, we have gradually resumed our normal business operations following the ease of pandemic control across China, including major cities such as Shanghai. Particularly, with the easing of social distancing measures, we are now in the process to resume our offline sales and marketing activities to a normal level. Nevertheless, with the sporadic resurgences of COVID-19 pandemic in several regions in China since June 2022, our offices in such regions have been affected to different extent. Particularly, our sales personnel in those offices temporarily experienced difficulties to conduct in-person customer visits due to the pandemic prevention and control measures in the respective regions. In the third quarter of 2022, we increased sales and marketing activities in light of the improving situation of COVID-19 pandemic. As a result, the newly signed subscription contract value grew slightly by approximately 8.6% and 4.9% compared to the third and fourth quarters of 2021, respectively. Since mid-December 2022, there have been nationwide resurgences of the COVID-19 pandemic in China. As such, our offices in the affected regions experienced disruptions to our operations from time to time.

To mitigate the impact of the COVID-19 pandemic, we have adopted measures to mobilize internal resources and leverage our strong technological capabilities, such as enhancing our R&D efforts to refine our products and services, maximizing our sales force capability and implementing various precautionary policies to ensure the safety of our employees working remotely or onsite. As a result, we had maintained our momentum in revenue growth throughout the Track Record Period. As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial

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## SUMMARY

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performance. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 or any similar pandemic may adversely affect our business and financial performance. See “Risk Factors – Risks Related to Our Business and Industry – The COVID-19 and similar pandemic may continue to present challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.”

### RECENT DEVELOPMENT

#### Recent Development in Our Business Operations

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2023, being the end date of the periods reported in the Accountants’ Report set out in Appendix I to this document, and there has been no event since December 31, 2023 and up to the date of this document that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

#### Recent Regulatory Developments

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information. The Overseas Listing Trial Measures also provides that the overseas securities offering and listing will be deemed as an indirect overseas offering by PRC domestic companies if (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are accounted for by PRC domestic companies; and (ii) the issuer’s principal business activities are conducted in the PRC, or its principal place(s) of business are located in the PRC, or the senior executives responsible for its business operations and management are mostly Chinese citizens or persons domiciled in the PRC. Where an issuer submits an application for initial public offering to competent overseas regulators, it must file with the CSRC within three business days after such application is submitted to the overseas regulators. At the press conference held for the Overseas Listing Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking the overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize resources in different markets. We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas Offering and Listing on February 7, 2024. See “Regulatory Overview – Regulations Relating to Foreign Exchange – Overseas Listing and M&A” for details.

## SUMMARY

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On August 15, 2023, the Provisional Regulatory Measures on Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the “AIGC Measures”) took effect. The AIGC Measures provides, among others, that individuals or organizations that provide generative AI services of text, image or sound to the general public shall assume the responsibilities as the producers of the AI-generated content thereon. Further, if the services have attribute of public opinions or capability of social mobilization, the service providers shall apply for security assessment according to relevant regulations and complete the filing formalities of algorithms in accordance with the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation. (《互聯網信息服務算法推薦管理規定》)

As advised by our PRC Legal Advisor, as of the date of this Document, the official regulatory interpretation regarding the “attribute of public opinions or capability of social mobilization” remains unclear. Therefore, as of the date of this Document, it is uncertain whether we are required to conduct the security assessment or complete the filing formalities of algorithms. However, we will closely monitor the relevant legislations and regulatory practice in this regard to remain in up-to-date compliance with the AIGC Measures. As of the date of this Document, we have filed the application for the security assessment and the filing formalities per the AIGC Measures, and our application is pending the competent authorities’ review.

Based on the above, we are of the view that the AIGC Measures may impose certain compliance requirements on us, and no material impediment to our compliance with the AIGC Measures has been noticed. See “Regulatory Overview – Regulations Relating to Artificial Intelligence Services” for details.

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## DEFINITIONS

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*In this document, unless the context otherwise requires, the following expressions shall have the following meanings.*

“2022 Share Subdivision”	the subdivision of each issued and unissued ordinary share and the Preferred Share in the Company with a par value of US\$0.0001 into 20 shares with a par value of US\$0.000005 each with effect from August 8, 2022, the details of which are described in “History, Reorganization, and Corporate Development – 2022 Share Subdivision” in this document
“AFRC”	Accounting and Financial Reporting Council
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on [●] with effect from the [REDACTED], a summary of which is set out in Appendix IV to this document
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
	[REDACTED]
“Cayman Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

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## DEFINITIONS

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“CCBI Overseas”	CCB International Overseas Limited (建銀國際海外有限公司), a limited liability company incorporated in Hong Kong on February 22, 2011
“Chengdu Trueland”	Chengdu Trueland Information Technology Co., Ltd (成都珍島信息技術有限公司), a company established in the PRC on September 14, 2015, and a Consolidated Affiliated Entity
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this document and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Marketingforce Management Ltd (邁富時管理有限公司*), an exempt company incorporated in the Cayman Islands with limited liability on February 23, 2021
“Compliance Adviser”	Alliance Capital Partners Limited
“Consolidated Affiliated Entity(ies)”	entities controlled by the Company through the Contractual Arrangements and considered as our subsidiaries, namely Shanghai Trueland and its subsidiaries. For further details of these entities, see “Contractual Arrangements” in this document
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Shanghai Trueland and the Registered Shareholders as detailed in “Contractual arrangements”
“Controlling Shareholder(s)” or “Controlling Shareholder Group”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhao, Ms. Zhu, Willam Zhao Limited, Willian Zhao I Limited and Shuina Zhu Limited

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## DEFINITIONS

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“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Dongchali”	Shanghai Dongchali Digital Technology Group Co., Ltd. (上海洞察力數字科技集團有限公司), a company established in the PRC on May 24, 2011 and a Consolidated Affiliated Entity
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant, which is an Independent Third Party
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[REDACTED]

“Group,” “our Group,” “the Group,” “we,” “us” or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entities or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guangdong Trueland”	Guangdong Trueland Information Technology Co., Ltd. (廣東珍島信息技術有限公司), a company established in the PRC on January 29, 2015 and a Consolidated Affiliated Entity
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominee”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operation and functions of the Systems, as from time to time in force
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

[REDACTED]

“Hong Kong Share Registrar”	[REDACTED]
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

[REDACTED]

## DEFINITIONS

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“Independent Third Party(ies)” an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company

[REDACTED]

“Isle Wealth” Isle Wealth Limited, a business company incorporated in BVI with limited liability and wholly owned by TCT (BVI) Limited, holding our Shares pursuant to the RSU Scheme on trust for and on behalf of grantees or the Company (as the case may be) under the RSU Scheme

[REDACTED]

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## DEFINITIONS

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[REDACTED]

“Joint Sponsors” China International Capital Corporation Hong Kong Securities Limited and CCB International Capital Limited

“Latest Practicable Date” March 11, 2024, being the latest practicable date for ascertaining certain information in this document before its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Hong Kong Stock Exchange

[REDACTED]

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

“M&A Rules” Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors 《(關於外國投資者併購境內企業的規定)》 jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009

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

“Marketingforce Network” or “WFOE” Marketingforce Network Technology (Shanghai) Company Limited (邁富時網絡技術(上海)有限公司), a company established in the PRC on April 20, 2021, and a wholly-owned subsidiary of our Company

[REDACTED]

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## DEFINITIONS

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“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on [●], with effect from the [REDACTED], a summary of which is set out in Appendix IV to this document
“MOF”	the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zhao”	also known by his alias name Zhao Xulong (趙旭隆), our founder, executive Director, chairman of the Board and chief executive officer, the spouse of Ms. Zhu and the sibling of Ms. Zhao Fangqi, and one of our Controlling Shareholders
“Ms. Zhu”	spouse of Mr. Zhao, and the sister-in-law of Ms. Zhao Fangqi, and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

[REDACTED]

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## DEFINITIONS

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“Ordinary Shares” or “Shares” ordinary shares in the share capital of the Company with a par value of US\$0.000005 each prior to the Share Subdivision and US\$0.000005 each upon the completion of the Share Subdivision

[REDACTED]

“PRC Legal Advisor” JunHe LLP, the PRC legal advisor to our Company

“Pre-[REDACTED] Investments” the investments made by the Pre-[REDACTED] Investors, the principal terms of which are summarized in “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments” in this document

“Pre-[REDACTED] Investors” the investors of the Pre-[REDACTED] Investments, namely Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited, Wenhua Xu Limited, Mr. Zhenjun HE, Great Boom Group Limited (旺佳集團有限公司), Top Mountain Shuye LP, Multi Link Corporate Development Limited (港聯企業發展有限公司), Shanghai Shunying Business Information Consulting Partnership (Limited Partnership) (上海順灤商務信息諮詢合夥企業(有限合夥)), Jiaxing Hengjie Equity Investment Partnership (Limited Partnership) (嘉興恆捷股權投資合夥企業(有限合夥)), NB DIGITAL Evergreen Investment Limited Partnership, CCBI Overseas, Haorong Co., Limited, Rongjing Co. Limited, Miracle International Development Limited, details of which are set out in “History, Reorganization and Corporate Development” in this document

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## DEFINITIONS

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“Preferred Shares”	collectively, Series A-1 Preferred Shares, Series A-2 Preferred Shares and Series B Preferred Shares
	[REDACTED]
“Principal Share Registrar and Transfer Office”	Maples Fund Services (Cayman) Limited
“Registered Shareholders”	the registered shareholders of Shanghai Trueland, namely Mr. Zhao, Ms. Zhu, Shanghai Hongyu, Ms. ZHAO Fangqi, Shanghai Zhiyu, Mr. TAN Kaihua, Ms. XU Wenhua, and Mr. GUO Peimin
“Relevant Individual Shareholders”	the individual shareholders of Shanghai Trueland, namely, Mr. Zhao, Ms. Zhu, Ms. ZHAO Fangqi, Mr. TAN Kaihua, Ms. XU Wenhua, and Mr. GUO Peimin
“Reorganization”	the reorganization arrangements undergone by our Group for the purpose of the [REDACTED] as set out in “History, Reorganization and Corporate Development”
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	the RSU Scheme of our Company as approved and adopted on November 10, 2021, a summary of the principal terms of which is set out in “Statutory and General Information – F. RSU Scheme” in Appendix IV to this Document
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”, or formerly known as “SAIC”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), and formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國工商行政管理局)
“SASAC”	the State Assets Supervision and Administration Commission (國務院國有資產監督管理委員會)
“Series A-1 Preferred Shares”	the series A-1 preferred shares in the share capital of our Company

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## DEFINITIONS

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“Series A-2 Preferred Shares”	the series A-2 preferred shares in the share capital of our Company
“Series B Preferred Shares”	the series B preferred shares in the share capital of our Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Hongyu”	Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海竑宇資產管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC on November 6, 2015 as the Group’s employee stock ownership platform and one of the Registered Shareholders
“Shanghai Kaililong”	Kaililong (Shanghai) Information Technology Co., Ltd. (凱麗隆(上海)軟件信息科技有限公司), a company established in the PRC on May 16, 2011 and a Consolidated Affiliated Entity
“Shanghai Tianbei”	Shanghai Tianbei Information Technology Co., Ltd (上海天貝信息技術有限公司), a company established in the PRC on October 15, 2021 and a wholly owned subsidiary of our Company
“Shanghai Trueland”	Trueland Information Technology (Shanghai) Co., Ltd. (珍島信息技術(上海)股份有限公司), a company established in the PRC on September 25, 2009 and a Consolidated Affiliated Entity
“Shanghai Zhiyu”	Shanghai Zhiyu Asset Management Partnership Enterprise (Limited Partnership) (上海祉裕資產管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC on November 13, 2015 and one of the Registered Shareholders

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## DEFINITIONS

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“Share Subdivision”	the subdivision of each share in the Company’s issued and unissued share capital with par value of US\$0.000005 each into [ten] shares of the corresponding class with par value of US\$0.000005 each immediately before the [REDACTED], the details of which are set out in “History, Reorganization and Corporate Development – Share Subdivision”
“Shareholder(s)”	holder(s) of our Shares
	[REDACTED]
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
	[REDACTED]
“State Council”	the PRC State Council (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance, including any Consolidated Affiliated Entity of the Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three years ended December 31, 2021, 2022 and 2023
“Trueland Digital”	Trueland Digital Technology (Shanghai) Co., Ltd. (珍島數字科技(上海)有限公司), a company established in the PRC on December 28, 2015 and a Consolidated Affiliated Entity
“Trueland Network”	Shanghai Trueland Network Technology Co., Ltd. (上海珍島網絡科技有限公司), a company established in the PRC on December 28, 2015 and a Consolidated Affiliated Entity
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

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## DEFINITIONS

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“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States

[REDACTED]

“Wuxi Kaililong”	Wuxi Kaililong Advertising Technology Co., Ltd. (無錫凱麗隆廣告科技有限公司), a company established in the PRC on December 26, 2017 and a Consolidated Affiliated Entity
“Wuxi Trueland”	Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. (無錫珍島數字生態服務平台技術有限公司), a company established in the PRC on May 20, 2014 and a Consolidated Affiliated Entity

*In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.*

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

*For the ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The company name which is marked with “\*” is for identification purpose only.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“application”	application software designed to run on smartphones and other mobile devices
“architecture”	the structure under which an information system’s hardware, software, data and communication capabilities are put together
“average contract value per user”	average contract value per user is calculated as the sum of the selling prices under all subscription contracts signed and revenue from orders placed during a given period, divided by the number of users signing such contracts or placing such orders with us in that period
“BGP”	border gateway protocol, a standardized exterior gateway protocol designed to exchange routing and reachability information among autonomous systems on the internet
“B2B”	business-to-business
“BI”	business intelligence system
“CAGR”	compound annual growth rate
“Client-Cache”	a local cache synchronized with a remote clustered cache
“cloud-based”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“CDN”	content delivery network, a system of distributed servers (network) that deliver pages and other web content to a user, based on the geographic locations of the user, the origin of the webpage and the content delivery server

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## GLOSSARY OF TECHNICAL TERMS

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“CPC”	cost per click, a pricing model where marketers are charged on the basis of each click of the advertisement or marketing content
“CPM”	cost per mille, a pricing model where marketers are charged on the basis of one thousand impressions of the advertisement or marketing content
“CPT”	cost per time, a pricing model where marketers are charged on the basis of the duration of placement of the advertisement or marketing content
“data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“DAU(s)”	daily active users
“DDoS”	distributed denial-of-service attack, a cyberattack in which the perpetrator seeks to make a machine or network resource unavailable to its intended users by temporarily or indefinitely disrupting services of a host connected to the internet
“EDI License”	Value-added Telecommunication Business License (增值電信業務經營許可證) for online data processing and transaction processing
“fission marketing”	use everyone’s social relations to amplify impact and energize the growth
“gross billing”	the total monetary value we charge advertising customers for our precision marketing services
“H5”	HTML5, a markup language used for structuring and presenting content on web pages, which is the fifth and current major version of the HTML standard
“H5 page”	a mobile website that can be seamlessly integrated into the WeChat profile to create interactive marketing campaigns

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## GLOSSARY OF TECHNICAL TERMS

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“IaaS”	Infrastructure as a Service, a category of cloud computing service that provides virtualized computing resources over the internet
“IDC License”	Value-added Telecommunication Business License (增值電信業務經營許可證) for Internet data center services (including Internet resources cooperation services)
“impression(s)”	the number of advertisement or marketing content views, representing the total number of times the advertisement or marketing content is viewed by a user or displayed on a web page during a certain period of time
“IP”	intellectual property
“IT”	information technology, the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data
“KPI”	key performance indicator, which, in the context of digital marketing, means the indicator that reflects the effectiveness and performance of the marketing campaign such as the number of clicks, impressions, new installations, downloads, sign-ups or sales
“Marketingforce platform”	our marketing and sales SaaS platform representing our technology achievements, marketing science and product capabilities
“module”	in the context of describing our technology infrastructure, a module refers to a part of a system or application that can operate to support specific functionality or use cases such as call, message and management, and a module is usually comprised of multiple functions
“NLP”	natural language processing
“PaaS”	platform as a service, a category of cloud computing that provides a platform and environment to allow developers to build applications over the internet

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## GLOSSARY OF TECHNICAL TERMS

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“PC”	personal computer
“R&D”	research and development
“SaaS”	software as a service, a cloud-based software licensing and delivery model on a subscription basis with centrally hosted associated data
“SCRM”	social customer relationship management
“SMS”	short message service, a text messaging service component of most telephone, Internet and mobile device systems which uses standardized communication protocols that let mobile devices exchange short text messages
“subscription revenue retention rate”	subscription revenue retention rate for a given financial year is calculated as the revenue generated from subscriptions in the current financial year made by users who also made subscriptions that generated revenue in the prior financial year, divided by the total revenue generated from subscriptions in that prior financial year
“TB”	terabytes, a unit of information used to quantify computer memory or storage capacity
“traffic”	in terms of traffic in digital marketing, the flow of audience on media publishers’ platforms
“UI”	user interface
“UE”	user experience
“WeChat Mini Program” or “Mini program”	a small application function within WeChat that provides advanced features to WeChat users

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## FORWARD-LOOKING STATEMENTS

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This document contains, and the documents incorporated by reference herein may contain certain statements that are, or may be deemed to be, "forward-looking statements." These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe(s)," "aim(s)," "estimate(s)," "plan(s)," "project(s)," "anticipate(s)," "expect(s)," "intend(s)," "may," "seek(s)," "can," "could," "ought to," "potential," "will" or "should" or similar expressions, or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. In particular, references to "estimate(s)" only refer to situations where best estimates have been adopted by the management. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our business, results of operations, financial position, liquidity, prospects, growth, strategies and the industries and markets in which we operate or may operate in the future.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance or the actual results of our operations, financial position and liquidity. The development of the markets and the industries in which we operate may differ materially from the description or implication suggested by the forward-looking statements contained in this document. In addition, even if our results of operations, financial position and liquidity as well as the development of the markets and the industries in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the ability of third parties to perform in accordance with contractual terms and specifications;

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## FORWARD-LOOKING STATEMENTS

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- our ability to retain senior management and key personnel, and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our expansion plans;
- the actions of and developments affecting our competitors;
- our ability to reduce costs and offer competitive prices;
- our ability to defend our intellectual rights and protect confidentiality;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends;
- capital market developments; and
- our dividend policy.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect our management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. Investors should specifically consider the factors identified in this document, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable laws, we undertake no obligation to revise any forward-looking statements that appear in this document to reflect any change in our expectations, or any events or circumstances, that may occur or arise after the date of this document. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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## RISK FACTORS

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*An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.*

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; (iii) risks relating to our corporate structure and contractual arrangements; and (iv) risks relating to the [REDACTED]. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

### RISKS RELATED TO OUR BUSINESS AND INDUSTRY

**If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our customers’ evolving needs and keep pace with technological developments, our customers may stop purchasing our products and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects.**

We derive our revenue from subscriptions to our SaaS products and our precision marketing services, and expect this to continue for the foreseeable future. The markets in which we operate and compete are characterized by constant change and innovation, and we expect these markets to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our customers and design products and services that provide our customers with the tools they require to develop their businesses. For further information on the products and services we offer, see “Business – Our Product and Service Offerings.” Our ability to attract new customers, retain existing customers, increase sales to both new and existing customers and increase cross-sales of our SaaS products and precision marketing services will depend, to a large extent, on our ability to continue improving, enhancing and expanding the functionality, performance, reliability, design, security, and scalability of our products and services.

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## RISK FACTORS

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We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of our existing or new products, services and enhancements. While we invest a significant amount of time in software development through our research and development team, continuous improvement and enhancement of our products and services requires significant investment, and we may not have sufficient resources to do so. In addition, it may sometimes take our in-house developers months to update, code and test new and upgraded products and services. Further, the markets for our SaaS products remain relatively new, evidenced by their low penetration rate, and it is uncertain whether our efforts, and related investments, will result in significant revenue for us, if at all. The introduction of significant technology changes and upgrades, introduction of new product and service offerings may not be successful, and early-stage interest and adoption of such new services may not result in long-term success or significant revenue for us.

To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services in a manner that responds to our customers' evolving needs, or promote our new products effectively, our existing customers may not make further purchases of our products and services, and our business, financial condition, results of operations, and prospects will be adversely affected.

**If our SaaS products contain serious errors or defects, we may lose our sources of revenue and our product users may lose confidence in our products and services. In addition, we may incur significant costs defending or settling claims with our product users as a result of such serious errors or defects.**

Products within the industry, such as those we develop, often contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our SaaS products may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, reputation, financial condition, and results of operations.

Further, our cloud-based system allows us to deploy new versions and enhancements of our SaaS products to all of our users simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software issues concurrently to all of our users, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of users.

Given that many of our users use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and services could result in losses to our users. Our users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our users may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot

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## RISK FACTORS

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assure you that provisions limiting our exposure to claims, which we typically include in agreements with our users, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our users would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

**If our abilities in assessing and predicting potential target audiences are or become flawed or ineffective, our reputation and market share may be materially and adversely affected.**

Our ability to attract customers to, and build trust in, our products and services under our SaaS and precision marketing businesses depends significantly on our ability to effectively assess and predict audience interest in relevant marketing content. We utilize our proprietary algorithms and data engines to track, process and analyze social media user data, forecast the probability and nature of social media users' potential engagement with a given marketing message, create and tailor a marketing message to specific user interest, and execute marketing and sales campaigns based on parameters specified by our customers. Our proprietary algorithms and data engines take into account multiple sources of data, including audience basic profiles, behavioral data, and transaction data from various channels and under various scenarios. See "Business – Our Technology and Infrastructure – Our Big Data Analytics Capabilities."

The data we collect may not be applicable to all industries, and, for certain industries, we may not have sufficient user data to ensure that our algorithms and data engines would work effectively. Further, we do not generally verify the data we gather, which may be subject to fraud or otherwise inaccurate. Even if such data were accurate, they may become irrelevant or outdated and, as a result, may not reflect a user's genuine interest or accurately predict his or her interaction with a given marketing message. For example, following the date on which we obtain the relevant data, a user's interest and behavioral pattern may change or he or she may have already completed a transaction and no longer be interested in the specific marketing message.

In addition, we anticipate significant growth in the amount of data we process as we continue to develop new products, services and features to meet evolving and growing customer needs. As the amount of data and variables we process increases, our algorithms and data engines process increasingly complex calculations, and, as a result, the likelihood of defects and errors increases. To the extent our proprietary algorithms and data engines fail to accurately assess or predict a user's interest in and interaction with relevant marketing content, or experience significant errors or defects, customers may not achieve their marketing goals in a cost-effective manner or at all, which could make our products and services less attractive to them, result in damage to our reputation and a decline in our market share, and adversely affect our business and results of operations.

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## RISK FACTORS

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**We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.**

Since our inception, we have incurred net losses. In 2021, 2022 and 2023, we recorded net losses of RMB272.6 million, RMB216.5 million and RMB169.5 million, respectively, primarily due to (i) the substantial investment in R&D and sales and marketing of our SaaS products, (ii) the increase in administration expenses resulting from the increase in our administrative personnel to support the expanded scale of operations and (iii) interest expenses on the preferred shares. As a result, we recorded accumulated losses of RMB300.3 million, RMB516.8 million and RMB690.6 million as of December 31, 2021, 2022 and 2023, respectively. We may not be able to achieve or subsequently maintain profitability in the future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully, and develop new products and services. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and record accumulated losses in the future and may not be able to achieve or subsequently maintain profitability.

**We relied on a limited number of media platforms to place advertisements for our customers during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.**

Our continued access to attractive content distribution opportunities and premium media resources remain crucial to our precision marketing business. To keep our market competitiveness, we have strategically focused on maintaining our business relationship with top media platforms. During the Track Record Period, we primarily purchased user traffic from, and placed our advertisements on major content distribution platforms, including a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. During the Track Record Period, our advertising traffic costs on media platforms amounted to RMB346.1 million, RMB520.8 million and RMB437.5 million in 2021, 2022 and 2023, respectively. During the Track Record Period, the cost of precision marketing services accounted for a larger portion of our cost of sales, representing 89.1%, 90.2% and 83.6% of our cost of sales in the relevant years respectively. For details regarding our relationship with major media platforms, see “Business – Precision Marketing – Media Platforms.” As of the Latest Practicable Date, we had not owned or controlled any content distribution channel in China. We typically enter into annual framework agreements with media platforms, and do not impose any long-term obligation requiring them to make their content distribution opportunities available to us on acceptable terms, or at all. We cannot assure you that we will successfully maintain the business cooperation with any of them, or retain their provision of favorable rebate rates to us in the future. Loss of access to any one of our content distribution channels, or the ability to source

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## RISK FACTORS

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any alternative content distribution channels in a timely manner, or at all, may negatively impact our capacity to help our advertising customers reach their target audience in connection with our precision marketing services and may, in turn, affect our business, brand and results of operations. If we are unable to maintain a business relationship with any of the media platforms, it can be difficult for us to source any alternative content distribution channel in a timely manner. Consequently, the quality and scale of the user traffic we provide to our customers will be significantly compromised, and our brand, business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, Supplier A was our largest media platform, accounting for 59.5%, 87.3% and 83.2% of our total cost of sales in 2021, 2022 and 2023, respectively. We have entered into an annual framework agreement with Supplier A, which has been renewed on an annual basis. According to Frost & Sullivan, it is quite common for online marketing service providers to acquire traffic from a few leading media platforms in China, primarily due to their dominant market positions and large market shares in Chinese mobile internet market. For more information about our relationship with Supplier A, please see “Business – Suppliers – Our Relationship with Supplier A.” However, there is a risk that Supplier A may change its terms under our annual framework agreements, or decide to collaborate with our competitors for more favorable contractual terms. According to our agreement with Supplier A, it can terminate our agreement for any reason upon a month’s prior written notice. If Supplier A reduces its business with us, ceases to cooperate with us, or if we fail to maintain our business relationship with Supplier A on comparable contract terms or at all, or if we violate Supplier A’s policies and are suspended from conducting business with it, we may not be able to find a replacement from other media platforms quickly or cost-effectively, or at all. Moreover, Supplier A also grants us rebates based on our gross spending with them, which are reviewed and adjusted regularly. If Supplier A ceases to offer rebates or offers rebate at reduced rates, it may have a material and adverse effect on our business, financial condition, liquidity, and prospects.

**Our business, growth and prospects are significantly affected by the growth of media platforms and use of SaaS products and precision marketing services in China.**

Although SaaS products have been well-developed globally in recent years, SaaS products remain less common and less mature in terms of development in China compared with the United States. As a result, the transition to SaaS products in China may be slower among users with concerns over SaaS products or demands for highly customizable application software. Whether our users accept our SaaS products depends, to a large extent, on their level of awareness of our SaaS product offerings and the widespread global use of SaaS products. We cannot assure you that the trend of adopting and utilizing such products by businesses will continue to grow in the future.

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## RISK FACTORS

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In addition, precision marketing services remain less established compared with conventional marketing means such as search engines. We may not be able to develop or maintain in-depth cooperative relationships with leading online media platforms, and it may be difficult for us to constantly generate high-quality content that meet changing audience preferences. Even if precision marketing becomes widely adopted, customers may not be familiar with, or be willing to make significant investments in, services such as ours which can assist them with managing their precision marketing across channels and devices. As a result, we cannot predict with certainty the demand for our products and services or the future growth rate and size of the market for our SaaS products and precision marketing.

Market expansion for SaaS products and precision marketing in China depends on a number of factors, including the growth of new media platforms and cost, as well as the performance of, and perceived value associated with, SaaS products and precision marketing. If SaaS products and precision marketing do not achieve widespread acceptance, or there is a reduction in demand for such products or services caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and products or services or otherwise, our business, growth prospects and results of operations will be materially and adversely affected.

**We may be exposed to the risk of disintermediation if our customers place online advertisements with media platforms directly.**

As an online marketing service provider, we help our customers acquire traffic from media platforms to market their products or services. We also provide our customers with value-added services, such as producing ad creatives and optimizing advertising campaigns, to achieve better marketing results, and help media platforms monetize user traffic in the interim. While it is more time and cost-efficient for our customers to advertise through us, and our customers rely on our industry expertise in online marketing to achieve better marketing results, there may be a risk that our customers will bypass marketing service providers in their transactions with media platforms. We cannot guarantee that our customers will not deal directly with media platforms in the future. The occurrence of such events could expose us to the risk of disintermediation, and our business, results of operations and financial condition would be materially and adversely affected.

**Our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.**

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased from RMB877.2 million in 2021 to RMB1,232.1 million in 2023, representing a CAGR of 18.5%. The number of users of our SaaS business was 24,127, 23,647 and 25,495 in 2021, 2022 and 2023, respectively. The number of advertising customers of our precision marketing was 845, 998 and 1,042 for the same years, respectively.

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While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continual launch of new products and services and intensified competition within the SaaS products and precision marketing industries in China. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products and services may place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

**We have a limited operating history as a SaaS solution provider at our current scale due to rapid growth, making it difficult to evaluate our future success.**

Our business has since evolved several times and experienced rapid growth. Many of the most popular features of our SaaS products have only been launched in the past few years. As a result of our limited operating history at current scale, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. The dynamic nature of our business and our industry may make it difficult to evaluate our current business and future prospects, and as a result our historical performance should not be considered indicative of our future performance.

**We are subject to customer concentration risk.**

We depend on a limited number of customers to generate a substantial portion of our revenues. Revenue generated from our five largest customers in each year of the Track Record Period accounted for 40.5%, 50.0% and 42.6%, respectively, of our total revenues during those years, and revenue generated from our largest customer in each year of the Track Record Period accounted for 12.5%, 24.5% and 24.5%, respectively, of our total revenues during those years. There is no assurance that our five largest customers will continue to purchase from us at the current levels or at all in the future. If any of our major customers significantly reduces or ceases its use of our products and services or, if this were to occur, we are unable to find alternative customers at comparable levels, or at all, we may experience a decline in our revenue, which, in turn, would negatively affect our results of operations. While our customers operate in various industries and regions, to the extent there are significant recessions or other adverse developments in one or more of these industry verticals or regions, the business and financial condition of our customers may deteriorate, which may, in turn, have a material adverse effect on our financial condition and results of operations.

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## RISK FACTORS

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**Our customers may be vulnerable to macroeconomic or industry-wide fluctuations and depressions.**

Our business depends on the overall demand for SaaS products and precision marketing services, and on the economic health of our current and prospective customers. Any financial recession could result in a significant weakening of the economy, more limited availability of credit, a reduction in business confidence and activity, and other difficulties that may affect one or more of the industries to which we sell our products and services. During periods of weak economic conditions, customers may delay or reduce their information technology spending, which could result in reductions in sales of our products and services, longer sales cycles, reductions in subscription duration and value, and increased price competition. In particular, many of our customers are small and medium enterprises that may be sensitive and vulnerable to macroeconomic industry-wide fluctuations and depressions, as they may lack the necessary risk management capability and resources to compete or even survive in the market. If a noticeable number of our customers experience severe difficulties within their operations, or if they are unfortunately forced to close as a result of economic depressions, our business operations, results of operations and financial condition could be materially and adversely affected.

**We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences.**

The PRC government in recent years has enacted a series of laws and regulations on the protection of personally identifiable data to which we may be subject. Cybersecurity Review Measures, enacted by the Cyberspace Administration of China effective on February 15, 2022, requires (i) data processors who carry out data processing activities and (ii) any “operator of critical information infrastructure that procures network product or service” to conduct a cybersecurity review if they will affect or may affect national security. In addition, any failure or delay in the completion of the cyber security review procedures or any other noncompliance or perceived noncompliance with the PRC Cybersecurity Law or related regulations may prevent us from using or providing certain services, and may result in fines or other penalties by PRC regulatory authority, clients or others, such as making certain required rectification, suspending our related business, taking down our operations and bringing actions against us.

On July 7, 2022, the Measures on Security Assessment of Cross-border Data Transfer was promulgated by the Cyberspace Administration of China (the “CAC”), which took effect on September 1, 2022. Under the Measures on Security Assessment of Cross-border Data Transfer, data processors providing outbound personal information shall apply for outbound data transfer security assessment with the CAC if they constitute “operator of critical information infrastructure”, or if they process personal information of over one million individuals. In addition, data processors shall also apply for outbound data transfer security assessment if they provide important data abroad, or if they have cumulatively provided personal information of

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## RISK FACTORS

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more than 100,000 individuals or sensitive personal information of more than 10,000 individuals abroad since January 1 of the previous year. This requirement also applies to any other instances of data transfer abroad that the CAC deems as falling within the scope of the outbound data transfer security assessment.

However, these provisions have been in effect for a relatively short period of time. As advised by our PRC Legal Advisor, it is uncertain how PRC regulatory authority will apply and implement the Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer. Whether we may be subject to such cybersecurity review and outbound data transfer security assessment by the relevant regulatory authorities shall depend on the application and implementation of the Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer by relevant regulatory authorities.

In addition, the PRC Data Security Law promulgated by the Standing Committee of the National People's Congress of China came into effect on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security.

The above and other similar legal and regulatory developments could affect how we operate our business and how we and our business partners process data. We may incur substantial costs to comply with such laws and regulations.

Our business operations involve data processing activities, including data collection either by ourselves or from third parties, data storage and analysis. We also store our product users' data and information belonging to their customers in our system which we technically de-identify and anonymize. Upon the termination of subscription agreements, users can directly delete their data or require us to do so. We have adopted various measures, including Board and management supervision, to ensure legal compliance. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection. However, we cannot assure that our privacy and data protection measures will always be considered sufficient in all aspects under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation and deter current and potential clients from using our services, which will adversely affect our business, results of operations and financial condition.

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## RISK FACTORS

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### **We face ethical, legal and reputational risks associated with the use of our AI technology and AI-generated marketing content.**

As with many developing technologies, AI technology presents risks and challenges that could affect its further development, adoption, and use, and therefore influences our business. Our application of AI technology, especially the use of AI-generated marketing content for our marketing and sales SaaS products, may produce biased analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on age, cultural background or gender. In addition, the accuracy of AI-generated marketing content may be subject to error, which could harm our reputation and credibility, and may result in regulatory fines or legal liabilities if the content is misleading or contains material errors and omissions. If AI applications assist in generating flawed or inaccurate contents, we may be subject to competitive harm, potential legal liability and ethical or reputational harm.

The use of AI-generated content may further raise issues related to copyright infringement if the AI algorithms are partially trained on copyrighted content, and there is no guarantee that our use of AI-generated content would not infringe on the intellectual property rights of third parties. In addition, the use of AI-generated content may be subject to future regulatory scrutiny and legal challenges. If we fail to ensure our compliance with relevant laws and regulations governing the use of AI-generated content, including intellectual property laws, consumer protection laws, and advertising standards, our reputation, business and results of operations may be materially and adversely affected.

### **The COVID-19 and similar pandemic may continue to present challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.**

Beginning from December 2019, a novel strain of coronavirus, or COVID-19, resulted in prolonged mandatory quarantines, lockdowns, closures of businesses and facilities, travel restrictions and other prevention and control measures imposed by the countries around the world. Since December 2022, the COVID-19 prevention and control measures have been largely relaxed. However, there remain uncertainties about the dynamic of the COVID-19 pandemic as new variants emerge, which may have potential continuing effects on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. Any recurrence of the COVID-19 outbreak and outbreak of other similar pandemic in China, such as the recurrence of the COVID-19 around the end of 2020 and in 2021 and 2022, or continuance of outbreaks in other parts of the world, could adversely impact our business operations or the business operations of our customers and partners, in turn having an adverse impact on our business, results of operations and financial condition.

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## RISK FACTORS

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**We may be unable to achieve or maintain adequate data transmission capacity as required by our product users.**

Users of our products often have higher demand for marketing and sales activities over short periods of time, including from events such as new product releases, holiday shopping seasons, and flash sales, which significantly increases the traffic on our servers. While we are generally able to maintain adequate data transmission capacity to handle such traffic, we cannot assure you that we shall be able to continue achieving, or maintaining, this in the future, particularly when we encounter an unexpectedly significant increase in traffic. If we are unable to achieve or maintain adequate data transmission capacity, this may significantly reduce user demand for our products. In the future, we may have to allocate resources and incur substantial expense to build, purchase or lease additional data centers and equipment, and upgrade our technology and network infrastructure in order to handle the increased load.

Additionally, our ability to deliver our products and services also depends on the development and maintenance of internet infrastructure by third parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected. See also “– Any interruptions or delays in services from third parties, including data center hosting facilities and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.”

**If we are unable to successfully adapt our SaaS products to our users’ requirements or emerging industry standards, our business, prospects and financial results may be materially and adversely affected.**

In recent years and within key Chinese markets in which we operate, mobile devices, such as mobile phones, tablets, wearable devices and other Internet-enabled mobile devices, have gained increasing popularity and surpassed personal computers as the primary means of access to the Internet. We expect this trend to continue as 5G and more advanced mobile communications technologies are broadly implemented. As we make our services available across a variety of mobile operating systems and devices, we depend on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and IOS. Any changes in such mobile operating systems or devices which degrade the functionality of our products and services, such as being incompatible with our products and services, preventing customers from accessing our users’ official platforms, or giving preferential treatment to competitive services, could materially and adversely affect the use of our services. Any changes to technologies used in our products and services that affect existing features that we rely on, or to operating systems which make it difficult for our users to access our products or for consumers to access our users’ official platforms, may make it more difficult for us to maintain or increase our revenues. This, in turn, may have a material and adverse impact on our business and prospects.

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## RISK FACTORS

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Further, our costs and expenses may increase if the number of platforms on which we develop our services increases, which is typically seen in a dynamic and fragmented mobile services market such as China. In order to deliver high-quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. For our business to be successful, we will need to design, develop, promote and operate new products and services which are compatible with such devices. As new devices are released or updated, we may encounter problems in developing and upgrading our products and services for use on mobile devices. We may need to devote significant resources to the creation, support and maintenance of such products for mobile devices, and cannot assure you that we will be successful in doing so.

**If we are unable to maintain a consistently high level of customer service, this may materially and adversely impact our brand, business and financial results.**

We believe our focus on customer service and support is critical to onboarding new customers, retaining our existing customers and growing our business. As a result, we have invested heavily in the quality and training of our customer success team along with the tools they use to provide this service. If we are unable to maintain a consistently high level of customer service, we may lose existing customers.

In addition, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from existing customers. Therefore, any failure to maintain a consistently high level of customer service, or any market perception that we do not provide that level of customer service, could adversely affect our reputation and the number of positive customer referrals that we receive.

**Systems disruptions, distributed denial of service attacks, other hacking and phishing attacks on our systems or security breaches may delay or interrupt services to our users and their clients, harm our reputation and subject us to significant liability, which, in turn, may adversely affect our business, results of operations, and financial results.**

In the past, we have been subject to system disruptions and DDoS, a technique used by hackers to take an Internet service offline by overloading its servers. Our infrastructure may be subject to such attacks and breaches in the future and we cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Additionally, our infrastructure and systems may also be breached if any vulnerabilities therein are exploited by unauthorized third parties.

Since techniques used to obtain unauthorized access change frequently and the scale of DDoS attacks, hacking, and phishing attacks are increasing, we may not be able to implement sufficient preventative measures or stop the attacks while they are occurring. DDoS attacks, other hacking and phishing attacks or security breaches could delay or interrupt our services to users and their clients. This, in turn, may deter consumers from visiting our users' official platforms, hence affecting their overall customer experience. Any actual or perceived attacks

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or security breaches may also damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. Should a high-profile or highly publicized security breach occur with respect to another SaaS product or precision marketing service, users may lose confidence in the security of cloud-based commerce and marketing service models, including ours, as a whole, which would have a material adverse impact on our ability to retain existing users and attract new ones.

**Any interruptions or delays in services from third parties, including data center hosting facilities and other hardware and software vendors, or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.**

We use third-party data center hosting facilities located in China. We also use computer hardware purchased from, and software licensed from, third parties in order to offer our services. Any damage to, or a failure of, our systems generally, including systems of our third-party platform providers, could result in interruptions to our services. In the past, we have experienced interruptions to our services, and such interruptions may recur in the future. Interruptions to our services may cause us to issue credits or pay penalties to our customers, or cause them to make warranty or other claims against us. Any of these would create a material and adverse effect on both our attrition rates and ability to attract new customers, all of which would reduce our revenue. Our business and reputation may also be harmed if our customers, or potential customers, believe that our products and services are unreliable.

We do not control the operation of any of these facilities provided by third-party providers, which may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar criminal conduct, as well as local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Despite precautions taken by our third-party providers at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of an act of terrorism or natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions to our services.

Additionally, such hardware, software and data may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of such hardware, software or cloud computing platforms, this could significantly increase our expenses or otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our

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## RISK FACTORS

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customers. Further, the financial condition of our third party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third party to provide the agreed services, and have a material adverse effect on the services we provide to our customers and our results of operations.

**We recorded relatively large amounts of contract liabilities during the Track Record Period. If we fail to fulfill our performance obligations in respect of contract liabilities, our results of operations and financial condition may be adversely affected.**

We recorded contract liabilities of RMB415.1 million, RMB483.6 million and RMB576.1 million as of December 31, 2021, 2022 and 2023, respectively. Our contract liabilities primarily include advance payments from our customers for SaaS products. If we fail to provide the prescribed solutions and services to our customers in time or at all due to undetected errors, defects and bugs, we may not be able to honor our obligations in respect of our contract liabilities, in which case we may not be able to convert such contract liabilities into revenue and may be required to refund payments to our customers. Such failure would adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and, in turn, our results of operations and financial conditions.

**Any discontinuation, reduction or delay of any government grant could have a material and adverse impact on our business.**

In 2021, 2022 and 2023, we recorded government grants of RMB39.2 million, RMB45.2 million and RMB38.1 million, respectively. Government grants provided to us mainly relate to VAT deduction for eligible companies, which are generally conditional in nature. We cannot assure you that we will continue to receive such government grants at the same level or at all, in which case our business, financial condition and results of operation may be materially and adversely affected.

**If we fail to expand our direct sales capabilities effectively, our results of operations and financial condition may be adversely affected.**

Our ability to increase our client base and achieve broader market acceptance of our products will depend on our ability to expand our sales capabilities. We plan to strengthen our sales capabilities by expanding our direct sales teams, providing more training opportunities and upgrading our sales management system. To that end, we need to continue to retain key members of our direct sales force. We plan to expand our sales teams and establish new regional sales offices in regions with great economic development potential. Identifying and recruiting qualified personnel and training them in the use and sale of our solutions requires significant time, expense and attention. It can take several months before our sales representatives are fully trained and productive. Our results of operations and financial condition may be adversely affected if we fail to retain key members of our direct sales force or if our efforts, and the expense incurred, to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop

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and retain talented sales personnel or if new sales personnel are unable to achieve the desired productivity levels in a reasonable period of time, we may be unable to realize the expected benefits of this investment or increase our revenue.

**We may face certain risks in collecting our trade and bills receivables and other receivables in relation to prepayments on behalf of advertising customers to third parties, and any failure to collect these could have a material adverse effect on our business, financial condition, and results of operations.**

As of December 31, 2021, 2022 and 2023, our trade and bills receivables amounted to RMB174.2 million, RMB130.9 million and RMB112.7 million, respectively. Our trade receivables turnover days were 48, 33 and 38 in 2021, 2022 and 2023, respectively. Our trade receivables turnover days demonstrated a descending trend from 2021 to 2022, mainly due to our enhanced management of trade receivables. Our trade receivables turnover days increased from 33 days in 2022 to 38 days in 2023, primarily due to the persistent effect of the extended credit term we granted to certain of our advertising customers with good creditworthiness in the second half of 2022.

Our other receivables in relation to prepayments on behalf of advertising customers to third parties were RMB1,065.8 million, RMB1,334.2 million and RMB1,670.0 million as of December 31, 2021, 2022 and 2023, respectively. Turnover days of other receivables in relation to prepayments on behalf of advertising customers to third parties were 64, 75 and 90 in 2021, 2022 and 2023, respectively. Such increase was mainly due to our strategic policy to allow longer credit periods to certain long-term customers.

We recognize an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Our impairment losses on financial assets amounted to RMB15.2 million, RMB6.5 million and RMB31.1 million in 2021, 2022 and 2023, respectively. Actual losses on the receivables balance could differ from those that we anticipate and reserve in our allowance account, as a result of which we might need to adjust our allowance. Macroeconomic conditions could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy, and, as a result, could cause customers to delay payments to us, request modifications to their payment arrangements or default on their payment obligations to us. Although we have adopted a series of strict management measures, we may not be able to collect all such receivables due to a variety of factors that are beyond our control. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the receivables, our corresponding receivables might be adversely affected in terms of recoverability. In addition, our receivables balance may continue to grow alongside our business expansion, which may increase our risks for uncollectible receivables. If we are unable to collect our receivables from our customers, especially from our key customers, our business, financial condition and results of operation may be materially and adversely affected.

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## RISK FACTORS

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**We are exposed to changes in the fair value of financial instruments measured at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs.**

Our financial liabilities at fair value through profit or loss represent convertible redeemable preferred shares, and the financial liabilities at fair value through profit or loss will be converted into equity upon the [REDACTED]. As of December 31, 2021, 2022 and 2023, our financial liabilities at fair value through profit or loss were RMB942.5 million, RMB1,096.5 million and RMB1,223.8 million, respectively. Our financial instruments are measured at fair value, and the changes in their fair values are recorded under other gains or losses in the consolidated statements of profit or loss, which will directly affect our profit and results of operations. In 2021, 2022 and 2023, we recognized fair value loss on convertible redeemable preferred shares of RMB122.2 million, RMB61.1 million and RMB107.8 million, respectively. If we continue recording such fair value loss, our results of operations and financial condition may be adversely affected.

During the Track Record Period, the fair value of our financial instruments at fair value through profit or loss was determined by reference to unobservable inputs to the price of the underlying investments using a valuation pricing model and is classified as a level 3 fair value measurement. Changes in these unobservable inputs will affect the estimated fair value of our financial instruments at the end of each financial reporting period. Given the inherent uncertainty in the fair value of financial instruments at fair value through profit or loss, any significant and adverse changes in fair value could have an adverse effect on our financial position and results of operations.

**We have recorded negative operating cash flows in the past, which may continue in the future.**

We had negative operating cash flow of RMB469.8 million and RMB121.5 million in 2021 and 2023, respectively. Our operating cash outflow was primarily due to the credit terms we typically grant to our precision marketing services customers being relatively longer than those our media platform suppliers typically grant to us for such business. Therefore, our existing operations and future business expansion of precision marketing services have relatively higher cash flow requirements. We cannot assure you that we will be able to generate positive cash flow from operating activities in the future. If we encounter long-term and continual net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, results of operations and financial position may be materially and adversely affected.

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**We had net liabilities and net current liabilities in the past, which may expose us to certain liquidity risks and may constrain our operational flexibility as well as adversely affect our financial condition and ability to expand our business.**

We had net liabilities of RMB482.7 million, RMB779.9 million and RMB960.7 million as of December 31, 2021, 2022 and 2023, respectively, primarily due to recording convertible redeemable preferred shares as non-current liabilities at fair value through profit or loss. In 2021, we entered into subscription agreements with Pre-[REDACTED] Investors and issued the convertible redeemable preferred shares. For further details of the identity and background of the Pre-[REDACTED] Investors, and the principal terms of the relevant investments, see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments.” All of such convertible redeemable preferred shares will be converted into ordinary shares of our Company, and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the [REDACTED]. We do not expect to recognize any further gains or losses on fair value changes from these convertible redeemable preferred shares after the [REDACTED].

We cannot assure you that we will not record net liabilities in the future. Neither can we assure you that we will not record net current liabilities again in the future. Net liabilities position and net current liabilities position can expose us to the risk of shortfalls in liquidity, constrain our operational flexibility and adversely affect our ability to expand our business. This in turn would require us to seek additional financing to maintain adequate working capital, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our business, financial condition, results of operations and prospect.

**Share-based payments may have an adverse effect on our financial performance.**

We adopted the RSU Scheme for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Group. See “Appendix IV – Statutory and General Information – F. RSU Scheme.” In 2021, 2022 and 2023, we recognized share-based compensation expenses of RMB8.0 million, RMB8.4 million and RMB8.4 million, respectively. We may continue granting awards of RSUs under the RSU Scheme in the future to further incentivize our employees. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

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**We utilize local channel partners to market and promote our products and services. If we are unable to develop and maintain successful relationships with our local channel partners, our business, operating results, and financial condition could be adversely affected. Channel partner's misconduct, noncompliance and omissions may also affect our business and reputations.**

To date, we have engaged our channel partners to market and sell our SaaS products. In 2021, 2022 and 2023, our SaaS product revenue generated through channel partners amounted to RMB43.6 million, RMB46.5 million and RMB49.1 million, accounting for 9.9%, 8.8% and 7.0% of our total SaaS product revenue for the same years, respectively. While we intend to continue dedicating resources to identifying, developing and maintaining stable relationships with our channel partners, we cannot assure you that our existing or prospective channel partners will strictly comply with the exclusivity or other terms of our agreements with them. They may also cease marketing our products or services with limited or no notice. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, or are unable to assist our current and future channel partners with independently selling and deploying our products and services, our business, results of operations, and financial condition could be adversely affected. Furthermore, while we currently have comprehensive measures in place to prevent cannibalization among our channel partners, there is no guarantee that such measures are, or can be, entirely effective. If our channel partners do not effectively market and sell our products and services, or fail to meet the needs of our customers, our reputation among prospective and existing customers and ability to grow our business may also be adversely affected. Unpredictable variations in the mix between our revenue attributable to sales by our channel partners and revenue attributable to our direct sales may result in fluctuations in our operating results.

Our channel partners may be subject to regulatory penalties or punishment because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether they have infringed or will infringe any other party's legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any noncompliance by channel partners. We cannot assure you that we will be able to identify irregularities or noncompliance in the business practices of our channel partners, or that such irregularities or noncompliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our channel partners involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

**We face intense competition in the markets in which we operate and may be unable to compete successfully against our existing and future competitors.**

We face intense competition in various aspects of our business, and we expect such competition to continue growing in the future. Many of our competitors have longer operating histories and experience, larger customer bases, greater brand recognition, more extensive commercial relationships within China and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop products and

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services better received by enterprise users or advertising customers or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or user needs. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

We may be subject to further competition if any of our competitors enter into business partnerships or alliances or raise significant additional capital, or if established companies from other market segments or geographical markets expand into our market segment or geographical market. Any existing or potential competitor may also choose to operate based on a different pricing model or undercut prices in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, results of operations, and financial condition may be negatively impacted.

**Our brand and brand name are integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.**

We believe that maintaining, promoting and enhancing our brand and brand name is critical to expanding our business. Maintaining and enhancing our brand and brand name depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products and services, which we cannot assure you we will do successfully. Additionally, negative publicity regarding our industry or products may also impact our brand and reputation, which in turn could affect our business.

Errors, defects, disruptions or other performance issues with our infrastructure may harm our reputation and brand, and we may introduce new products or terms of service which might be poorly received by our customers and their clients. Additionally, if our customers or their clients have a negative experience using our products or services, such an encounter may affect our brand and reputation within the industry.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful products and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our products and services primarily through advertisements on search engines and social networking sites, and through our direct sales force, channel partners, and a number of free traffic sources, including client referrals and word-of-mouth. Our efforts to market our brand have involved significant costs and expenses, which we intend to increase going forward. We cannot assure you, however, that our marketing spend will lead to increases in the number of users or advertising customers or of revenue, and even if such were achieved, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

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**We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.**

Our future performance depends on the continued services and contributions of our senior management, including our co-founders, chief officers, and other key employees, to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our senior management or other key employees can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them within our business also requires significant amounts of time, training and resources, and may impact our existing corporate culture.

**If we are unable to attract and retain qualified personnel, our business may be adversely affected.**

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in mobile Internet, cloud computing, marketing and sales. For example, experienced sales staff can achieve effective communication with potential customers and deliver adequate customer services. Our business also relies on high-quality sales and customer success teams to deliver adequate customer services supporting our products and services. The inability to attract or retain qualified personnel, or delays in hiring the personnel required, may cause significant harm to our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills, and employees with long experience in designing and developing software and Internet-related services, will be critical to our future success. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope of our business may require us to hire and retain a wide range of effective and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. Competition for talent and qualified personnel in the SaaS and precision marketing industries in China is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join, or continue working for, us. If we fail to attract and retain personnel with suitable managerial or other expertise, or to maintain an adequate labor force on a continuous and sustained basis, our financial position and results of operations could be materially and adversely affected.

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## RISK FACTORS

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### **We are subject to various risks relating to third-party payments.**

During the Track Record Period, certain of our customers settled their payments with us through third-party payors (the "Third-Party Payment Arrangement(s)"). In 2021 and 2022, the aggregate amount of third-party payments accounted for approximately 2.7% and 1.1% of the total payments we received from all customers for the same years, respectively. See "Business – Third-Party Payment Arrangements." We have obtained confirmation from the majority of the Relevant Customers and third-party payors that they assume all risks associated with the Third-Party Payment Arrangements, releasing us from any disputes that may arise from these arrangements. See "Business – Third-Party Payment Arrangements." We are, nonetheless, subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

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

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

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

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AI technologies are constantly evolving. Any flaws or misuse of the AI technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.

AI technologies are still in a preliminary stage of development and continue to evolve. Similar to many disruptive innovations, AI technologies present risks and challenges, such as misuse by third parties for inappropriate purposes, for purposes breaching public confidence or even violate applicable laws and regulations in China and other jurisdictions, bias applications or mass surveillance, that could affect user perception, public opinions and their adoption. We have adopted a series of measures to prevent the misuse of our technologies. However, we cannot assure you that the measures we take to prevent the misuse of our technologies will always be effective, or that our technologies will not be misused or applied in a way that is inconsistent with our intention or public expectation. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent and whether by us or by third parties, may dissuade prospective customers from adopting AI solutions, may impair the general acceptance of AI solutions by society, may attract negative publicity and adversely impact our reputation and may even violate applicable laws and regulations in China and other jurisdictions and subject us to legal or administrative proceedings, pressures from activist shareholders and/or other organizations and heightened scrutiny by the regulators. Our application of AI technology and AI-powered algorithms may produce biased analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on cultural background or gender. Each of the foregoing events may, in turn, materially and adversely affect our business, financial condition and results of operations.

In addition, flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the decisions and analyses made by the relevant products and services. For example, AI technologies cannot actively identify misinformation or fraudulent information collected from the Internet, which may harm the accuracy of data analysis. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. Any flaws or deficiencies in AI technologies and solutions, whether actual or perceived, could materially and adversely affect our business, reputation, results of operations and prospects.

### **Our use of open-source technology could impose limitations on our business operations.**

We use open-source software in our business and expect to continue to use open-source software in the future. Although we monitor our use of open-source software to avoid subjecting our software to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or

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restrictions on our ability to commercialize our products. In such an event, we may be required to seek licenses from third parties to continue commercially offering our software, to make our proprietary code generally available in source code form, to re-engineer our software or to discontinue the sale of our software if re-engineering can not be accomplished on a timely basis, any of which could adversely affect our business and revenue.

The use of open-source software subjects us to a number of other risks and challenges. Open-source software is subject to further development or modification by anyone. Others may develop such software to be competitive with, or render such software no longer useful by, us. It is also possible for competitors to develop their own products and services using open-source software, potentially reducing the demand for our products and services. If we are unable to successfully address these challenges, our business and operating results may be adversely affected and our development costs may increase.

**Our services and internal systems rely on software programs that are highly complex and technical, and if they contain undetected errors, our business could be adversely affected.**

Our services and internal systems rely on software programs that are highly complex and technical. In addition, our services and internal systems depend on the ability of the software programs to store, retrieve, process and manage immense amounts of data. The software programs on which we rely may contain undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software programs on which we rely may result in a negative experience for our customers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. If any of the above occurs, our business, results of operations and financial condition may be adversely affected.

**Confidentiality agreements with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.**

We have devoted substantial resources to the development of our technology and knowhow. Although we enter into employment agreements with confidentiality and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time, or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

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**Unauthorized use of our intellectual properties by third parties may harm our brands and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.**

We regard our copyrights, trademarks and other intellectual properties as critical to our success and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with our business partners prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot assure you that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

**Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites could cause confusion to our customers, divert customers away from our products and services, or harm our reputation.**

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from our products and services to theirs. We have failed to register certain trademarks for T Cloud due to similar third party trademarks in the past. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our products and services, which could harm our reputation and materially and adversely affect our results of operations.

**We may be subject to claims by third parties for intellectual property infringement.**

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Our cloud-based SaaS products and precision marketing services may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and

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scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable final outcomes in all cases. Such intellectual property claims may harm our brand and reputation, even if they are vexatious or do not result in liability. Any resulting liability or expenses, or changes required to our products or services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations, and prospects.

**We may be the subject of anti-competitive, harassing or other detrimental conduct by third parties that could harm our reputation and cause us to lose market share, customers and revenues.**

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Customers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which, in turn, may cause us to lose market share, customers, and revenues.

**Misconduct and omissions by our employees or service providers could harm our business and reputation.**

Misconduct and omissions by our employees could subject us to liability or negative publicity. Although we have implemented strict human resources risk management policies, and we have in place an employee handbook approved by our management and distributed to all our employees, which contains broad internal rules and guidelines and cover areas such as

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best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, there can be no assurance that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, financial condition and results of operations.

Misconduct and omissions by our service providers could subject us to disruption of business, negative publicity or liability. Although we have strict standards to choose our service providers, we cannot assure you that our service providers will not engage in misconduct or omissions. Any misconduct or omission by our service providers involved in our business may affect our business activities and reputation, which may, in turn, affect our business, results of operations and financial condition.

**We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition.**

We may be subject to legal proceedings from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. We may receive formal and informal inquiries from governmental authorities and regulators regarding our compliance with applicable laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of laws could be asserted against us by our advertising customers, media partners, competitors, governmental entities in civil or criminal investigations and proceedings or other third parties. These claims could be asserted under a variety of laws, including, but not limited to, advertising laws, internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, securities laws, real estate laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our media partners or advertising customers. For example, if the advertisement we helped distribute or perceived to be distributed by us is false or fraudulent, or if businesses engage in fraudulent, corrupt or other unfair practices or otherwise violate applicable laws using or perceived to be using our services, we, our directors or senior management may be subject to lawsuits or face regulatory actions.

During the Track Record Period, there were no administrative penalties that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations, and up to the Latest Practicable Date, there were no legal, arbitral or administrative proceedings pending against us that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, there can be no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive,

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time-consuming and ultimately futile. These actions may expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief, and criminal and civil fines and penalties, including, but not limited to, suspension or revocation of our licenses to conduct business.

**We face potential liability and harm to our business based on the nature of our business and the content distributed by us.**

Advertising may result in litigation relating to copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed by us. Our Legal Advisor has advised that under the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “Advertising Law”), where an advertising operator provides advertising design, production or agency services with respect to an advertisement, it shall ensure that the advertisement that it prepares or distributes is true and in compliance with applicable laws, rules and regulations. For instance, it shall ensure that such advertisement does not contain prohibited content (such as superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination, infringement of the public interest or which is detrimental to the health of minors or individuals with disabilities), does not contain products which are prohibited or restricted (for instance, anesthetic, psychotropic, toxic or radioactive drugs, breast-milk substitutes, tobacco, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics, and other products the production and sale of which are either prohibited or subject to specific restrictions and requirements) and does not infringe the legal rights and interests of third parties. Advertising operators shall, in accordance with the relevant provisions, establish and improve their management of the registration, examination and file management. In the event of violation of the above or where the advertising operator knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator’s advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend its business or revoke its business licenses under certain serious circumstances. Such advertising operators may be held jointly and severally liable with the advertisers customer for the damages thus caused to consumers or third parties. Under the Advertising Law, “advertising operators” include any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities.

As our SaaS business and precision marketing services both involve the provision of “advertisement design, production and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law. We cannot assure you that the online marketing content, of either SaaS products or precision marketing services, that we prepare and distribute complies with all applicable laws and regulations, or that the supporting documentation provided by our advertising customers is true and legal. Though we contractually require customers to represent to us that they ensure that their advertisements comply with applicable laws and regulations, and implement a strict review process, we do not independently verify whether we are permitted to deliver, or verify the content of, such

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advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our customers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to administrative penalties, civil liabilities, and settlement costs, we may be responsible for our own litigation costs, which can be expensive. Moreover, we offer modules that use AI to generate marketing content, requiring less involvement from users. Our PRC Legal Advisor has confirmed that users who use these modules will still be considered advertisers under the Advertising Law. However, if the content generated or distributed by these modules violates relevant laws, and if we fail to prove that such violation arises out of the content provided or approved by users, we may not be able to seek indemnification from them. In addition, in such cases, our users may seek compensation from us even if there is no compensation clause in the agreement, and we may not be successful in defending ourselves. This could lead to negative publicity, monetary damages, and legal defense costs.

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

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

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**We are subject to the risks associated with international trade policies, geopolitics and trade protection measures.**

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future.

During the Track Record Period, we generated a small amount of revenue from precision marketing services partnering with overseas media platform. We face increasing challenges due to current geopolitical tensions and international trade policies. We distributed marketing content through such platform, which is an Internet search engine operated by a Russian multinational technology company during the Track Record Period. Future development of these tensions and policies may result in shifting economic and trade sanctions, which could negatively impact our business with such overseas media platform or other overseas media platforms and, in turn, have an adverse effect on our financial condition and operating results.

**Future expansion plans are subject to uncertainties and risks and may lead to increase in our costs in the future.**

As part of our business strategies, we intend to enhance our product and service offerings and grow business scale by recruiting employees for R&D, sales and customer success teams, procuring and upgrading equipment and underlying infrastructure, and conducting strategic investment and acquisition. See "Business – Our Strategies" and "Future Plans and Use of [REDACTED]" for details. However, there is no assurance that we can successfully implement such business strategies or that such business strategies can be implemented according to our proposed timeline and estimated cost, due to factors which may be out of our control, such as technical hurdles, the sufficiency of financial resources, and our ability to employ sufficient and competent staff for the business expansion. In addition, our total costs will increase due to additional depreciation, staff cost and overhead cost. In particular, we expect to incur significant capital expenditures for investing in our SaaS and underlying technology infrastructure, which will lead to an increase in investing cash outflow. We also expect an increase in the absolute amount as well as percentage of broadband and other hardware costs related to the SaaS business. On the other hand, the expansion plan may not generate benefits as we expected, such as increase in revenue and gross profit margin, may not be as expected due to factors beyond our control, such as changes in general market conditions, the economic environment in China and the overall expenditures of our potential customers on our products and services and their future growth trends.

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The continued expansion of our business may also place significant pressure on our management, operating and financial resources. Accordingly, there can be no assurance that our business will achieve the expected growth or that our business will be profitable. Given such uncertainties, there can be no assurance that our future plans will be achieved or completed within the predetermined time frame, or that our objectives will be achieved in whole or in part. Our future business, profitability and financial condition could be materially and adversely affected.

### **Our strategy of making strategic acquisitions and investments may fail and may result in material and adverse impacts on our financial condition and results of operations.**

As part of our business growth strategy, we may, in the future, acquire or make investments in businesses or companies that we believe can expand and strengthen our media platform resources, monetization abilities, as well as our technological capacities. Our ability to implement our acquisition strategy will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms, and within a desired time frame, and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our strategic acquisitions and investments could subject us to uncertainties and risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve our intended objectives, benefits or revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, and in which competitors have stronger market positions, costs associated with, and difficulties in, integrating acquired businesses and managing a larger business, and diversion of our resources and management attention. Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. As of the Latest Practicable Date, we had not identified or pursued any acquisition target. If we fail to identify or acquire suitable projects or achieve our expected returns on such acquisitions or investments in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Acquisitions also pose the risk that we may be exposed to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the acquired companies or investment target companies and/or their shareholders may not be sufficient to protect us from, or to compensate us for, actual liabilities. A material liability associated with an acquisition or investment could adversely affect our reputation and reduce the benefits of the acquisition or investment. In addition, if the management team or key employees of an acquired company fail to perform as expected, this may affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial condition and results of operations.

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**Any negative publicity regarding our Company, Directors, employees or products and services, regardless of its veracity, could adversely affect our business.**

Our image is sensitive to the public's perception of us as a business in entirety, which includes not only the efficiency, security and competitiveness of our products and services, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or incidentally, distribute information about us, especially information regarding the efficiency and security of our products and services or our internal management matters, that may result in negative perception of us by the public. Any negative publicity about our Company, Directors, employees or products and services, regardless of veracity, could lead to potential loss of customer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

**We are subject to an evolving set of ESG-related laws and regulations and exposed to transition risks. Changes in social trend, political policies, laws and regulations from time to time could have a material adverse effect on our business, financial condition and results of operations.**

Our business operations are subject to ESG-related laws and regulations promulgated by competent authorities. We are in the process of establishing an ESG policy and expect to implement relevant policies and procedures to ensure our compliance with applicable laws and regulations. See "Business – Environmental, Social and Governance Matters." As of the Latest Practicable Date, no material fines or penalties have been imposed on us for any non-compliance with health, work safety, social or environmental regulations. However, the social trend and political policies are continuously evolving, ESG-related laws and regulations are continuously being promulgated, and there are potentially differing interpretations of ESG-related laws and regulations. We cannot assure you that we will fully comply with the evolving laws and regulations. Any change in laws and regulations or any change of interpretation thereof may substantially increase our compliance costs. Furthermore, any non-compliance with relevant laws and regulations may subject us to fines, penalties and other legal liabilities, and have a negative impact on our reputation and creditability, further materially and adversely affecting our business, financial condition and results of operations.

In addition, potential transition risks may result from the increasingly demanding ESG-related regulations and policy. We may be required to invest significantly in transforming our business and operations. Failure to adapt to the new rules in a timely manner or at all may cause us to lose market share and business opportunities to our competitors, and our business, financial condition and results of operations may be materially and adversely affected.

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**We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.**

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had not had any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurance on commercially reasonable terms, render such insurance impractical for our business and purposes. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

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

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

**Disruptions in the financial markets and economic conditions could affect our ability to raise capital.**

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors, including extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented action to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms, or at all.

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COVID-19 adversely affected the growth of economies of many countries across the world in 2020, and whether this will lead to a prolonged downturn in the economy is still unknown. In addition, on December 31, 2020, the transition period for the withdrawal of the UK from the European Union ended. Brexit could adversely affect European as well as worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global economy may result in disruptions in the financial markets, which may materially and adversely affect our ability to raise capital.

**Legal defects regarding some of our leased properties and failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.**

We lease properties primarily for our offices. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties.

As of the Latest Practicable Date, some of the lessors of our leased properties have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties. Some of our leased properties were also subject to mortgage at the time the leases were entered into and the lessors have not provided us with documents evidencing that they had obtained the prior consent from the relevant mortgagees for leasing the properties. Such leases may be invalid and not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, the actual usage of some of our leased properties was inconsistent with the usage set out in such title certificate or relevant authorization documents. One of our leased properties is located on allocated state-owned land, for which the property owner failed to provide relevant documentation legitimating the lease of such allocated land. We would not be subject to any penalty therefrom, but we may not be able to continue leasing such property. Our Directors believe that our use of the property will not individually or collectively have a material adverse effect on our business, financial condition or results of operations. Even if we are required to vacate from the property, we believe we will be able to readily find comparable property to relocate, and the costs and expenses we may incur for relocation will be immaterial. As of the Latest Practicable Date, we were not aware of any ownership controversy or dispute or third-party claims, nor had we been imposed any administrative penalties.

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Furthermore, as of the Latest Practicable Date, certain lease agreements of our leased properties had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Although the failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties, it could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance after we are required to do so by the relevant PRC governmental authorities.

Moreover, in the future, with the expansion of business, we may need to construct more data centers on the leased premises. The construction projects are subject to relevant supervision and approval procedures in China. Under PRC laws, construction projects must receive regulatory approvals from various governmental authorities prior to construction, including project approvals and filings, construction land and project planning approvals, energy conservation review and construction work commencement permits. After completion of construction, certain approvals, filings or other procedures required under PRC laws must be completed before using the construction projects, such as construction acceptance report, energy conservation acceptance check, and fire safety filings. We cannot assure you that we will be able to obtain all relevant approvals, permits, filings or meet all relevant legal requirements for the construction or use of our data centers due to the complex laws and regulations. Any failure to obtain all necessary construction project approvals, permits, filings, or failure to complete required procedures before use of constructed projects in accordance with requirements under PRC laws or in a timely manner may subject us to legal or regulatory sanctions, such as the imposition of fines, suspension of construction or use of such properties, rectification of abovementioned non-compliances within a specified time limit, under limited circumstances, being required to vacate from the properties in question, or requiring us to have the projects demolished.

**We use third-party agents to make contributions of social insurance and housing provident fund, which may subject us to penalties.**

Companies operating in China are required to complete related registration with the competent authorities and contribute to the social insurance and housing provident fund in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. We use third-party agent(s) to make contributions of social insurance and housing provident fund for a small number of our employees. As advised by our PRC Legal Advisor, the practice of engaging third-party human resources agencies to pay social insurance and housing provident funds may not fully satisfy the requirements under PRC laws and regulations. If the relevant competent government authority is of the view that such arrangement of engaging third-party human resources agencies to pay for social insurance and housing provident funds contribution does not satisfy the requirements under relevant PRC laws and regulations, administrative penalties may be imposed on us. As of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental

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authorities, or received any labor arbitration application from employees for not contributing to the social insurance and housing provident fund directly. However, if the relevant competent government authority is of the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of a housing provident fund, we may be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, failing which the government authority can apply to the People's Court for compulsory enforcement, but no penalties are provided under the relevant PRC laws and regulations; and, in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine, ranging from one to three times the total outstanding balance. As advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low. We cannot assure you that local authorities will not impose fees, pecuniary penalties or other administrative actions on us for our historical non-compliance.

### **RISKS RELATING TO DOING BUSINESS IN CHINA**

**We may rely on dividends and other distributions on equity paid by WFOE 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 WFOE for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and to service any debt we may incur. Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other payments to us. Furthermore, the tax authorities may require our PRC subsidiaries to adjust their taxable income under the contractual arrangement they currently have in place with our variable interest entity in a manner that would materially and adversely affect their ability to pay dividends and other payments to us. See “ – Risks Relating to Our Corporate Structure and Contractual Arrangements – Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.”

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “ – If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.”

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### **Governmental regulations on currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.**

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to the relevant PRC foreign exchange laws and regulations. Under existing PRC foreign exchange laws and regulations, payments of current account items, such as profit distributions and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may regulate cross-border transactions falling under capital accounts and current account in accordance with the applicable laws. As we receive substantially all of our revenue in RMB, if we are unable to comply with relevant PRC foreign exchange laws, regulations, or policies, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares.

In addition, we are subject to the risk of volatility in future international exchange rates, which may have an adverse impact on our financial results. The value of the RMB against other currencies may be subject to policies of various countries, international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces, government policies or other factors may impact the exchange rate between the RMB and other currencies in the future. The functional currencies of our certain overseas subsidiaries are currencies other than RMB. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. In 2021, 2022 and 2023, we recorded exchange differences on translation of foreign operations of RMB0.2 million, RMB43.5 million and RMB9.4 million, which were recognized in other comprehensive loss.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us. Failure to comply with relevant laws and regulations may expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (“Circular 37”). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local

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branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of the offshore special purpose vehicle’s name and operation term, or any significant changes with respect to the PRC individual shareholder, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to those of our shareholders who are PRC residents, and may be applicable to any offshore acquisitions that we make in the future.

If those of our shareholders who are PRC residents fail to make the required registration or to update the previously-filed registration in accordance with the applicable laws, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (“Notice 13”), effective June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

We are committed to complying with, and to ensuring that our shareholders who are subject to the regulations will comply with, the relevant SAFE rules and regulations. As of the Latest Practicable Date, to the best of our knowledge, Mr. ZHAO Xulong and Ms. ZHU Shuina, both Chinese PRC residents, had completed the initial registration under Circular 37. However, we may not be fully informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, or on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange laws and regulations. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

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**The M&A Rules and certain other PRC regulations establish relatively comprehensive and complex regulatory requirements for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.**

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, among other things, established procedures and requirements. As a result, merger and acquisition activities by foreign investors may be subject to compliance with comprehensive and relatively complex regulatory requirements, as stipulated by applicable laws and regulations. Such regulation requires, among other things, that the foreign investor should submit a declaration to the MOFCOM in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise and which involves any of the following circumstances: (i) an important industry is concerned; (ii) such transaction involves factors that impact or may impact national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that any of our further mergers and acquisitions will trigger the requirement to submit such declaration to MOFCOM under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the Anti-Monopoly Law (中華人民共和國反壟斷法) promulgated by the Standing Committee of the National People’s Congress which was promulgated in 2007, and was last revised on June 24, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be notified and cleared by the Anti-monopoly Law Enforcement Agency of the State Council before they can be completed. In addition, Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, effective in September 2011 and Measures for the Security Review of Foreign Investment that came into effect in January 2021, require acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security to be subject to security review before consummation of any such acquisition.

The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, in the event that the special purpose vehicle acquires shares of, or equity interests in, the PRC companies in exchange for the shares of offshore companies.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and the time required to complete any required approval processes may affect our efficiency to complete such transactions, thereby potentially affecting our ability to expand our business or maintain our market share.

Our PRC Legal Advisors are of the opinion that, based on its understanding of the current PRC laws and regulations, such CSRC approvals for our [REDACTED] is not required because: (i) the CSRC currently has not issued any definitive rule or interpretation concerning

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whether a listing such as ours is subject to the M&A Rules; (ii) the WFOE was not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules; and (iii) no provision in the M&A Rules clearly classifies contractual arrangements as types of transaction subject to the M&A Rules. Recently, the relevant 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. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Overseas Listing and M&A.” As these opinions are recently issued, official guidance and related implementation rules have not been issued; the interpretation of these opinions may further develop in the future. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from the CSRC or other regulatory authorities or other procedures are required for this [REDACTED], we may face administrative penalties by the CSRC or other PRC regulatory authorities in accordance with the laws for failure to seek CSRC approval or other government authorization for this [REDACTED]. In addition, if the CSRC or other regulatory authorities promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this [REDACTED], we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Consequently, failure to comply with these laws and regulations may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the [REDACTED] from this [REDACTED] into China, halting this [REDACTED], or result in other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our shares. The regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this [REDACTED] before settlement and delivery of the shares [REDACTED] hereby, if we fail to comply with applicable laws and regulations.

If we fail to comply with applicable laws and regulations, the CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the shares [REDACTED] hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities promulgate new rules or explanations that are applicable to this [REDACTED] or future capital raising activities, requiring us to obtain their approvals or accomplish the required filing or other regulatory procedures for this [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of the shares.

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

Under PRC laws and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. See "Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Foreign Exchange Registration of Overseas Investment and Share Incentive Plan by PRC Residents." We and our PRC resident employees who participate in our share incentive plans will be subject to these regulations when our Company becomes publicly listed in Hong Kong. If we or any of these PRC resident employees fail to comply with these regulations, we or such employees, consultants and advisors may be subject to fines and other legal or administrative sanctions. In order to fully comply with relevant laws, regulations or policies, our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law may be restricted.

**If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in PRC taxation and implications upon us and our non-PRC shareholders.**

Under the Enterprise Income Tax Law and its implementing rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a PRC resident enterprise. The implementing rules define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, productions, personnel, accounts and properties of an enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies on April 22, 2009, and most recently amended on December 29, 2017 ("Circular 82"), which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, the criteria set forth in the circular may reflect the SAT general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made by or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

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We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax-resident status of an enterprise is subject to determination by the tax regulatory authorities in accordance with the laws. If the PRC tax regulatory authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, in accordance with the laws, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations.

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

Under the current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. In addition, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any PRC tax may reduce the returns on your investment in the Class B Shares.

**We may not be able to obtain certain benefits under the relevant tax arrangement for dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiaries.**

We are a holding company incorporated under the laws of the Cayman Islands and, as such, rely on dividends and other distributions on equity from WFOE to satisfy part of our liquidity requirements. Pursuant to the Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, effective from December 8, 2006, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise's shares directly. On February 3, 2018, the SAT promulgated the Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties which specifies different factors to be taken into consideration when analyzing whether an applicant could be recognized as a beneficial owner. If our Hong Kong subsidiaries are not considered as a beneficial owner, they might not be able to enjoy the tax preferential rate of 5%.

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Furthermore, the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits, which became effective in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties, and file relevant materials with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Regulatory Overview – Regulations – Regulations Relating to Tax in the PRC – Dividend Withholding Tax." We intend to re-invest all earnings generated from our PRC subsidiaries for the operation and expansion of our business in China in the foreseeable future. We cannot assure you that our determination regarding our qualification to enjoy preferential tax treatment will not be challenged by the relevant tax authority or that we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to any dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiaries.

**We and our shareholders face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company, or immovable properties located in China owned by non-PRC companies.**

The SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises on February 3, 2015 ("Bulletin 7"), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("Circular 698"), which was issued by the SAT in 2009. 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 PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise are subject to PRC enterprise income taxes. When determining whether an arrangement has a "reasonable commercial purpose", the following factors are considered:

- whether the value of the equity interest of the relevant offshore enterprise is mainly derived from PRC taxable assets;
- whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China;
- whether the income of the relevant offshore enterprise is mainly generated from China;

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- whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature as evidenced by actual function and risk exposure;
- how long the existing business model and organizational structure of the relevant offshore enterprise has existed;
- the income tax payable outside of PRC on the gains derived from the indirect transfer of PRC taxable assets;
- the replicability of the arrangement by direct transfer of PRC taxable assets; and
- the tax situation of such indirect transfer and applicable tax treaties or similar arrangements.

Gains derived from an indirect offshore transfer of assets of a PRC establishment or place of business are to be included in the enterprise income tax filing of the PRC establishment or place of business, and are subject to a PRC enterprise income tax rate of 25%. In case of a transfer of immovable properties located in China or of equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax rate of 10% applies, subject to available preferential tax treatment under applicable tax treaties or similar arrangements. The party who is obligated to pay for the transfer has the withholding obligation with respect to the transfer. Where the payor fails to withhold sufficient tax, the transferor is required to declare and pay such tax to the tax regulatory authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to overdue payments, or fines and other rectifying measures. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

We face uncertainties as to the application of Bulletin 7 and previous rules under Circular 698, including reporting and other obligations with respect to certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. We may be subject to filing obligations or taxed as the transferor, or subject to withholding obligations as the transferee, in the transactions. For transfer of our shares by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in filings under Circular 698 and Bulletin 7. We may be required to allocate valuable resources to comply with Circular 698 and Bulletin 7, to request relevant transferors from whom we purchase taxable assets to comply with these rules, or to establish that we should not be taxed under these rules, which may have a material adverse effect on our financial condition and results of operations.

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**It may be difficult to effect service of process upon us or our directors or officers named in this document who reside in China, or to enforce foreign court judgments against them in China.**

The majority of our Directors and executive officers reside in China. It may be difficult to effect service of process outside China upon certain of our directors and officers, including with respect to matters arising under applicable securities laws. Moreover, China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with certain countries, and it may be difficult for you to enforce against us or our directors or officers in China any judgments obtained from courts outside of China with which China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with certain countries.

On July 14, 2006, mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a mainland China Court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People’s Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2019 Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. The 2019 arrangement took effect on January 29, 2024, and supersede the 2006 Arrangement.

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**Any violation of the PRC Labor Contract Law, any labor shortages, increased labor costs or other factors affecting our labor force may adversely affect our business, profitability and reputation.**

We expect that our labor costs, including wages and employee benefits, will increase in line with China's overall economy and the average wage in China, which have increased in recent years and are expected to continue to grow.

We have been subject to regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to relevant requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of an employee's probation and unilaterally terminating labor contracts. In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, which came into effect on July 1, 2011, which was amended on December 29, 2018. On April 3, 1999, the State Council promulgated the Regulations on the Administration of Housing Accumulation Funds, which was amended on March 24, 2002 and March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Accumulation Funds to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees' different social insurance requirements, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. During the Track Record Period, three of our PRC subsidiaries that do not hire any employees and are not a party to any employment agreement, while having completed their social insurance registrations at the same time with their establishment, did not complete the housing provident fund deposit registrations until December 2023. We could be subject to orders by the competent labor authorities for rectification of this oversight, and failure to comply with the orders may further subject us to administrative fines. Under the Regulations on Management of Housing Fund (《住房公積金管理條例》), failure to timely complete housing provident fund deposit registration will subject each non-compliant subsidiary to a fine ranging from RMB10,000 to RMB50,000. As of the Latest Practicable Date, we had not been ordered by any relevant government authorities to complete such registrations within a stipulated time period, or to pay any administrative fines in relation to the failure of completing such registrations. All of our PRC subsidiaries had registered and obtained the social insurance registrations and housing provident fund deposit registrations as of the Latest Practicable Date.

As the application and interpretation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied, or will be able to comply, with all labor-related law and regulations, including those relating to obligations to make full social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and

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regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected. In addition, any labor shortages, increased labor cost or other factors affecting our labor force in relation thereto, may adversely affect our business, profitability and reputation.

**If our preferential tax treatments are revoked, become unavailable, or if the calculation of our tax liability is successfully challenged by the PRC tax regulatory authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions, and our results of operations could be materially and adversely affected.**

Operating in the high-technology and software industry, a number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries may, if they meet the relevant requirements, qualify for three main types of preferential treatment, which are high and new technology enterprises specially supported by mainland China, and software enterprises and key software enterprises within the scope of the mainland Chinese national plan.

For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year tax exemption, beginning with the first profit-making calendar year and a 50% tax reduction for the subsequent three years. The software enterprise qualification is subject to an annual assessment. If our preferential tax treatments are revoked, become unavailable, or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. See "Regulatory Overview – Regulations – Regulations Relating to Tax in the PRC – Dividend Withholding Tax."

### **RISKS RELATING TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS**

**If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.**

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the provision of cloud computing and internet data center business, value-added telecommunications services, and other related businesses.

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## RISK FACTORS

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We are a company incorporated under the laws of the Cayman Islands; and the WFOE, our PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct Relevant Businesses in the PRC through our Consolidated Affiliated Entities, based on the Contractual Arrangements. Such Contractual Arrangements enable us to: (i) receive substantially all of the economic benefit from our Consolidated Affiliated Entities in consideration for the services provided by the WFOE to the Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in Consolidated Affiliated Entities when and to the extent permitted by PRC laws. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group (except certain minority interest therein). See "Contractual Arrangements – Contractual Arrangements – Overview."

Our PRC Legal Advisors are of the opinion that upon execution of the Contractual Arrangements, (i) each agreement under the Contractual Arrangements is binding on the parties thereto and none of them would be void under the PRC Civil Code, and (ii) except for the dispute resolution clause, the liquidation or dissolution clause, and certain clauses regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of the Consolidated Affiliated Entities, see " – We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable under PRC laws." The Contractual Arrangements, taken individually or collectively, are valid, legally binding, enforceable against each party of such agreements in accordance with their terms, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally, the discretion of relevant Government Agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC Laws and policies thereto, and to general equity principles. However, there can be no assurance that the PRC government authorities will take a view in the future that is not contrary to or otherwise different from the opinion of our PRC Legal Advisors stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or approvals to operate our business, the relevant PRC regulatory authorities would deal with such violations or failures in accordance with the laws, including, but not limited to:

- revoking our business and/or operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;

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## RISK FACTORS

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- imposing conditions or requirements with which we or the WFOE and our Consolidated Affiliated Entities may not be able to comply;
- requiring us or the WFOE and our Consolidated Affiliated Entities to restructure our relevant ownership structure or operations; or
- restricting or prohibiting our use of the [REDACTED] from the [REDACTED] or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities and their respective subsidiaries.

Any of these actions could cause significant impact to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRS.

**Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and Shanghai Trueland or the Registered Shareholders may fail to perform their obligations under our Contractual Arrangements.**

We rely on a series of Contractual Arrangements with the Consolidated Affiliated Entities to control and operate the Relevant Businesses. The Contractual Arrangements are intended to provide us with effective control over our Consolidated Affiliated Entities and allow us to obtain economic benefits from them. See "Contractual Arrangements."

These Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. If we had direct ownership of the Consolidated Affiliated Entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current Contractual Arrangements, we rely on the performance by Shanghai Trueland and the Registered Shareholders under the contracts to exercise control over the Consolidated Affiliated Entities. If Shanghai Trueland or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of the Contractual Arrangements are governed by, and interpreted in accordance with, PRC laws, and disputes arising from the Contractual Arrangements will be resolved through arbitration in China. However, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should

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## RISK FACTORS

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be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the outcome of arbitration. Such uncertainties could limit our ability to enforce the Contractual Arrangements. In the event we are unable to enforce the Contractual Arrangements, or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial statements, and our ability to conduct our business may be adversely affected.

**We may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.**

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If the Consolidated Affiliated Entities undergo an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of their assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entities.

Under the Contractual Arrangements, the Registered Shareholders have covenanted that they shall not sell, transfer, pledge or dispose of in any other manner any assets or the legal or beneficial interest in Shanghai Trueland, or allow the encumbrance thereon of any security interest, except for the Share Pledge Agreement, without the prior written consent of the WFOE. In addition, the Registered Shareholders have covenanted that they shall not request Shanghai Trueland to distribute dividends or profits in any form, propose resolutions in relation to this at a general meeting, or vote to pass such resolutions without the prior written consent of the WFOE. In the event that the Registered Shareholders breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceedings may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding is uncertain.

**The Registered Shareholders may have conflicts of interest with us, which may materially and adversely affect our business.**

Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with Shanghai Trueland and the Registered Shareholders. The Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertaking if it would further their own interest or if they otherwise act in bad faith. We cannot assure you that, when conflicts arise, the Registered Shareholders will act in the best interest of our Company or that conflicts will be resolved in our favor. The Registered Shareholders may breach or cause Shanghai Trueland to breach or refuse to renew the Contractual Arrangements that allow us to effectively control and receive economic benefits from our Consolidated Affiliated Entities. If we cannot resolve any conflicts of interest or

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## RISK FACTORS

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disputes between us and the Registered Shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

**We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.**

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. Amendments to the applicable laws and regulations could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or properties of the Consolidated Affiliated Entities, or compulsory relief (e.g., for the conduct of business or to compel the transfer of assets), or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief to a party when requested for the purpose of preserving the assets and properties or enforcement measures, subject to the requirements under the PRC laws. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of, or equity interests in, the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Furthermore, the provision provides that, in the event of a mandatory liquidation required by PRC laws, the Consolidated Affiliated Entities shall sell all the assets to WFOE or its designated party at the lowest price to the extent allowed by the PRC laws. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or its shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could materially and adversely affect our ability to conduct our business.

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## RISK FACTORS

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

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “FITE Regulations”) promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services (excluding e-commerce business, domestic multiparty communications, store-and-forward and call centers). In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess a proven track record and experience in operating value-added telecommunications businesses (the “Qualification Requirements”). On March 29, 2022, the State Council promulgated the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) (“Order No. 752”), according to which, the Qualification Requirements have been removed since May 1, 2022. Nevertheless, under the amended FITE Regulations, whilst foreign investors are able to invest in entities holding a value-added telecommunication license (holding up to 50% equity interest), whether an entity held by foreign shareholders may hold a value-added telecommunication license is still subject to the examination of substance and merits by the relevant authority. If the PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC in the future, we may be still subject to the examination by the relevant regulatory authority in accordance with law before we are able to unwind the Contractual Arrangements, or if we attempt to unwind the Contractual Arrangements before we pass the examination of the relevant regulatory authorities in accordance with law we may be ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition and results of operations.

Pursuant to the Contractual Arrangements, WFOE or its designated person(s) has the irrevocable, unconditional and exclusive right to purchase all or any part of the equity interests in Shanghai Trueland from the Registered Shareholders in the WFOE’s absolute discretion, to the extent permitted by PRC laws. The consideration shall be equivalent to the amount of registered share capital contributed by the Registered Shareholders and is returnable to the WFOE or its designated person(s) as permitted under the PRC laws and regulations.

The equity transfer may be subject to the approvals from, or filings with, the MOFCOM, the MIIT, SAMR and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities.

**Our current corporate structure and business operations may be affected by the Foreign Investment Law.**

On March 15, 2019, the NPC promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely the PRC Equity Joint Venture Law, the PRC Cooperative Joint

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## RISK FACTORS

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Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, and the Outgoing FIE Laws. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Investment – Foreign Investment Law and Its Implementation Rules.”

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. However, issues such as the nature of consolidated affiliated entity contractual arrangements may be governed pursuant to further interpretation and implementation of the FIL. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under the definition of “foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not stipulate contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through Contractual Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a form of foreign investment, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

**Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.**

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our Consolidated Affiliated Entities do not represent an arm’s-length price, and adjust our Consolidated Affiliated Entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

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## RISK FACTORS

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### RISKS RELATING TO THE [REDACTED]

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

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

**The trading price of the [REDACTED] may be volatile, which could result in substantial losses to you.**

The trading price of our [REDACTED] may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes for, our [REDACTED]. A number of PRC-based companies have listed their securities, and some are in the process of preparing for the listing of their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their offerings. The trading performances of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong, and consequently may impact the trading performance of our [REDACTED]. These broad market and industry factors may significantly affect the market price and volatility of our [REDACTED], regardless of our actual operating performance.

**You will incur immediate dilution and may experience further dilution in the future.**

As the [REDACTED] of our Shares is higher than the consolidated net tangible assets per share immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution. Our existing Shareholders will receive an increase in their [REDACTED] adjusted consolidated net tangible asset value per share. In addition, holders of our Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we issue additional shares in the future to raise additional capital.

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## RISK FACTORS

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**Future issues, offers, or sale of our Shares may adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favorable time and price.**

The market price of our Shares could decline as a result of substantial future sales of our Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favorable time and price. Our shareholders could experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

**We may be unable to declare dividends on our Shares in the future.**

We currently do not have any predetermined dividend payout ratio. The amount of dividends actually distributed to our Shareholders will depend on our earnings and financial condition, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant, and will be subject to the approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant, and will be subject to the approval of our Shareholders. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

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

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

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## RISK FACTORS

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**We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including industry experts, contained in this document.**

This document, particularly the sections headed “Business” and “Industry Overview”, contains certain information and statistics relating to the SaaS and online marketing markets derived from various official government publications. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

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

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

### MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our core business operations are principally located, managed and conducted in the PRC and will continue to be based in the PRC, our executive Director and senior management members are and will continue to be based in the PRC.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to achieve regular communication with the Stock Exchange:

- (a) our Company has appointed Mr. Zhao and Mr. LI Kin Wai, one of the joint company secretaries of our Company, as the authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. They will act as our Company’s principal channel of communication with the Stock Exchange. Each of them has confirmed that he can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any change in our Company’s authorized representatives. Mr. Zhao has confirmed that he possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) our Authorized Representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matters;
- (c) all the Directors who are not ordinarily resident in Hong Kong have or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange upon reasonable notice within a reasonable period;
- (d) our Company has appointed Alliance Capital Partners Limited as its Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as an additional channel of communication of our Company

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED]; and

- (e) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company's Compliance Adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the Compliance Adviser of our Company in accordance with the Listing Rules.

### WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

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

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Pursuant to Guidance Letter HKEX-GL108-20, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing (the “**Waiver Period**”) and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked in the event of a material breach of the Listing Rules by the Company.

We have appointed Mr. LIU Huan (“**Mr. Liu**”), and Mr. LI Kin Wai (“**Mr. Li**”), as the joint company secretaries of our Company. Mr. Li, is a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules. Mr. Liu has served as a senior vice president of our Company and responsible for overseeing the overall planning and operation of the precision marketing services of our Company. Through such experience, he has extensive experience in financial and business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of our Group. See “Directors and Senior Management – Joint Company Secretaries” in this document for further information regarding the qualifications of Mr. Liu and Mr. Li. By virtue of Mr. Liu’s experience and familiarity with our Group, our Company believe Mr. Liu is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as a joint company secretary of our Company. Further, given that our main operation is in the PRC, we believe that it would be in the best interests of our Company and our corporate governance to have Mr. Liu with the relevant background and experience in the PRC to act as our joint company secretary.

Accordingly, whilst Mr. Liu does not possess the formal qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, based on the above reasons, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Liu will be appointed as our joint company secretary.

The waiver [was granted] for a three-year period on the condition that Mr. Li, as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Liu in the discharge of his duties as a joint company secretary for an initial period of three years from the date of the [REDACTED]. Mr. Li is a suitably qualified person to render assistance to Mr. Liu so as to enable him to acquire the “relevant experience” as is required of a company secretary under Rule 3.28 of the Listing Rules. In addition, Mr. Liu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Mr. Liu has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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At the end of the three-year period, the qualifications and experience of Mr. Liu and the need for on-going assistance from Mr. Li will be evaluated by our Company. Our Company will liaise with the Stock Exchange to enable it to assess whether, having benefited from the assistance of Mr. Li for the preceding three years, Mr. Liu has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) so that a further partial waiver will not be necessary.

### WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We [have entered] into, and are expected to continue, the Contractual Arrangements that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED]. Our Directors and the Joint Sponsors are of the view that the Contractual Arrangements are fundamental to our legal structure and business operations. As the transactions contemplated under the Contractual Arrangements have been entered into in the ordinary and usual course of our business, our Directors are also of view that it is unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if the Contractual Arrangements are subject to the requirements set out under Chapter 14A of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the annual cap requirement for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules. See "Connected Transactions" in this document.

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**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

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**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

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**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

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**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

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**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

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## DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

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*For further information on our Directors, please refer to the section headed "Directors and Senior Management" of this document.*

### DIRECTORS

Name	Address	Nationality
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#### Executive Directors

Mr. ZHAO Xulong (趙緒龍)	Room 501, No. 17 Lane 1083, Pingxingguan Road Jing'an District Shanghai PRC	Chinese
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Mr. XU Jiankang (許健康)	Room 101, No. 40 Lane 333, Zhenda Road Shanghai PRC	Chinese
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#### Non-executive Directors

Ms. ZHAO Fangqi (趙芳琪)	Room 6-031, Building 1 Wangfu Garden Songshan District Chifeng City PRC	Chinese
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Mr. HUANG Shaodong (黃少東)	Room 1605, Unit 2, Building 8 Baoli Baihe Garden Fengtai District Beijing PRC	Chinese
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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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<b>Name</b>	<b>Address</b>	<b>Nationality</b>
<b>Independent non-executive Directors</b>		
Mr. YANG Tao (楊濤)	Room 601, No. 350 Lane 88, Hangxin Road Minhang District Shanghai PRC	Chinese
Mr. QIN Ci (秦慈)	Room 802, No. 72 Lane 2518, Longhua Road Xuhui District Shanghai PRC	Chinese
Mr. CHEN Chen (陳晨)	Room 1001, No. 18 Lane 1599, Dingxiang Road Shanghai PRC	Chinese

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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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**PARTIES INVOLVED IN THE [REDACTED]**

**Joint Sponsors [REDACTED]**

**China International Capital Corporation**

**Hong Kong Securities Limited**

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1 Harbour View Street

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**CCB International Capital Limited**

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Hong Kong

[REDACTED]

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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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[REDACTED]

**Legal Advisors to the Company**

*As to Hong Kong and U.S. laws:*

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PRC

*As to Cayman Islands law:*

**Maples and Calder (Hong Kong) LLP**

26th Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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

*As to Hong Kong and U.S. laws:*

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*Certified Public Accountants and*

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Room 2504, Wheelock Square

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[REDACTED]

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## CORPORATE INFORMATION

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<b>Head Office and Principal Place of Business in China</b>	Trueland Center, Building 8 Shanghai Big Data Industrial Park No. 1 Lane 1401, Jiangchang Road Jing'an District Shanghai PRC
<b>Principal Place of Business in Hong Kong</b>	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
<b>Company's website</b>	<b><u><a href="https://www.marketingforce.com">https://www.marketingforce.com</a></u></b>  <i>(The content on this website does not form part of this document)</i>
<b>Joint Company Secretaries</b>	<b>Mr. LIU Huan (劉歡)</b> Room 602, No. 31 Lane 399, Fuping Road Putuo District Shanghai, PRC  <b>Mr. LI Kin Wai (李健威)</b> 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
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## CORPORATE INFORMATION

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### Audit Committee

Mr. CHEN Chen (陳晨) (*chairman*)  
Mr. QIN Ci (秦慈)  
Mr. YANG Tao (楊濤)

### Remuneration Committee

Mr. QIN Ci (秦慈) (*chairman*)  
Mr. ZHAO Xulong (趙緒龍)  
Mr. YANG Tao (楊濤)

### Nomination Committee

Mr. ZHAO Xulong (趙緒龍) (*chairman*)  
Mr. QIN Ci (秦慈)  
Mr. YANG Tao (楊濤)

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### Principal Bank

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Changning District  
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PRC

**Shanghai Pudong Development Bank  
Co., Ltd., Putuo Sub-branch**  
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Putuo District  
Shanghai  
PRC

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## INDUSTRY OVERVIEW

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*This and other sections of this document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section have been extracted from the Frost & Sullivan Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, [REDACTED], the [REDACTED], the [REDACTED], [REDACTED], and [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED], and no representation is given as to their accuracy.*

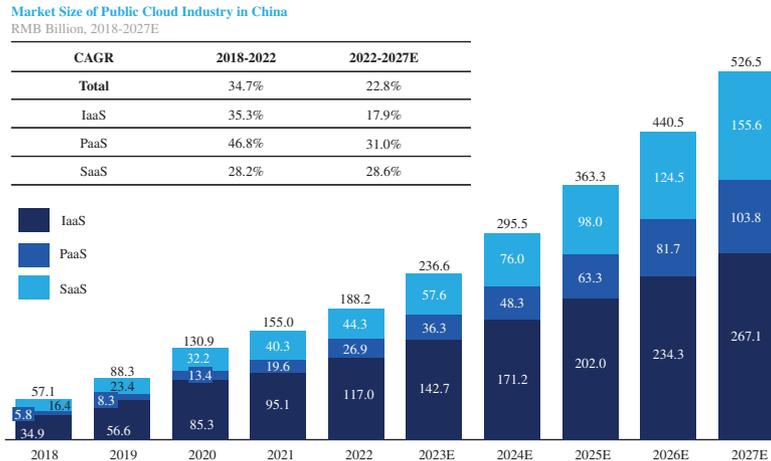
### OVERVIEW OF THE MARKETING AND SALES SAAS SOLUTION MARKET IN CHINA

#### Development of the SaaS Market in China

After decades of rapid economic development, China is becoming a high-quality economy, increasingly focusing on the development of its digital economy. With the growing needs for remote working during the COVID-19 pandemic, as well as the government's favorable policies on enterprises' digital transformation, enterprises in China set digitalization as one of their most important long-term strategic goals. As a result, a number of enterprises are adopting emerging technologies such as cloud computing. Software-as-a-service (SaaS), together with platform-as-a-service (PaaS) and infrastructure-as-a-service (IaaS) comprise the public cloud segment of cloud computing. Compared with on-premises software, SaaS is an advantageous turnkey solution in flexible purchase options, lower implementation cost, shorter implementation time, and convenient maintenance and updates.

According to Frost & Sullivan, in 2022 the SaaS market in China in terms of revenue reached RMB44.3 billion from RMB16.4 billion in 2018, with a CAGR of 28.2% from 2018 to 2022. Driven by rising demand, increasingly sophisticated product functions and favorable government policies on digital economy, China's SaaS market is expected to reach RMB155.6 billion in 2027, with a CAGR of 28.6% from 2022 to 2027. In addition, the PaaS market is another important driver of the growth of the public cloud market, as more SaaS providers are expanding their services with PaaS due to the additional values it brings to their customers. With a PaaS platform serving as a low-code toolkit, enterprises are able to develop customized applications with high agility and a shorter development period, requiring fewer IT engineers.

## INDUSTRY OVERVIEW



Source: Frost & Sullivan

The SaaS market includes general SaaS and vertical SaaS segments. General SaaS, such as marketing and sales, human resource and supply chain management, offers function-specific solutions to enterprises across a wide range of industries. Vertical SaaS offers industry-specific features and functionalities required by a particular industry.

### Development of the Marketing and Sales SaaS Solution Market in China

Marketing and sales SaaS solutions refer to a combination of cloud-based software products, among which intelligent solutions, with better performance, are empowered by cloud computing, big data, AI technologies and auxiliary value-added services that aim to help enterprises enhance sales growth in both marketing and sales phases. Specifically, the marketing phase refers to business activities for discovering new sales opportunities. The sales phase focuses on realizing sales growth, building sustainable relationships with customers and expanding customer base. Modern marketing and sales process typically includes six key areas, namely: content and experience; advertising and promotion; social and relationships; sales and delight; data and analytics; and strategy and management. Marketing and sales SaaS solutions are increasingly being adopted by Chinese enterprises, as they can address pain points and bring value to marketing and sales activities:

- Content and Experience.** Content and experience are the foundation of marketing and sales activities. Enterprises rely on various content formats to communicate their message through marketing and sales activities and to provide a great experience for their audiences. Nowadays, audiences are overwhelmed by information delivered across different forms, such as text, graphics and videos through a large number of content platforms, websites, official accounts and video accounts, whilst audiences tend to have higher expectations for their user experience when browsing information. As a result, enterprises are challenged to deliver even greater quality content at a higher frequency. Marketing and sales SaaS solutions help intelligently and efficiently produce content and enhance customer experience.

## INDUSTRY OVERVIEW

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- ***Advertising and Promotion.*** Enterprises present and distribute digital marketing content to target audiences by purchasing advertising space and traffic on different media platforms. Advertising and promotion have become the most direct and established forms of marketing and sales activities. However, with the slowdown of overall traffic growth and the concentration of high-quality traffic on media platforms, the price to acquire traffic has increased significantly, resulting in a lower return on investment of marketing and sales. Marketing and sales SaaS solutions helps companies manage advertising channels, monitor marketing results, and optimize promotion strategies to improve returns on investment.
- ***Social and Relationships.*** In addition to traditional media platforms, more and more enterprises choose social media platforms to spread their content to reach audiences, build relationships with customers, and form private domain traffic. The rapid growth of social networking and the relationship with media has become the area that enterprises need to pay more attention to. However, with the rapid evolution and growing abundancy of social media platforms, as well as diversified customer relationship management and private domain traffic operation scenarios, formulation and implementation of customer management strategies are becoming increasingly complicated. Marketing and sales SaaS solutions is essential for enterprises to overcome the relevant difficulties, integrating a range of features to help enterprises apply specific strategies in an intelligent and efficient way.
- ***Sales and Delight.*** Enterprises achieve sustainable revenue growth through continuous customer conversions, repurchases, and referrals. Sales and delight are the ultimate goals and results of marketing and sales efforts. Sales conversions have become challenging nowadays, as customers have a wide range of products and services to choose from, prompting them to develop strong personalized preferences. Marketing and Sales SaaS solutions offers enterprises digitalized tools to manage their sales force, select and execute sales strategies, and delight their customers.
- ***Data and Analytics.*** Through accurate, comprehensive and timely acquisition and application of the data generated by the above four areas, enterprises are better positioned to analyze and optimize their overall marketing and sales efficiency. Data and analytics provide enterprises with deeper insights and scientific evaluations of marketing and sales activities. As it would be costly and difficult for enterprises to develop and apply advanced technologies for data and analytics, marketing and sales SaaS solutions offer enterprises easy-to-use data related features at low cost.
- ***Strategy and Management.*** Enterprises need to choose suitable marketing strategies according to the characteristics of their industries, business models and development stages, to manage marketing and sales personnel and execution processes to conduct the above-mentioned four areas of marketing and sales activities more effectively. It is often difficult for enterprises to accurately assess and identify their characteristics and needs, and to choose effective methods. In addition, internal

## INDUSTRY OVERVIEW

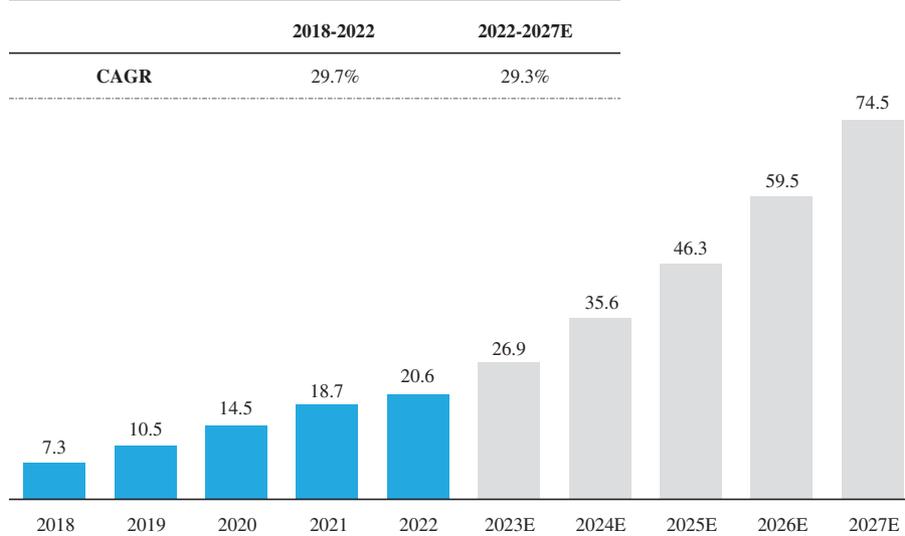
management on marketing and sales team as well as on marketing and sales budgeting are critical for successful marketing and sales activities. Thus, strategic and management functions are inseparable to marketing and sales SaaS solutions. Marketing and Sales SaaS solutions give enterprises access to a range of strategic and internal management functions, with advanced marketing concepts and practice, from which enterprises of different industries, business models and scales may select and execute the suitable marketing and sales strategies and internal management functions.



Enterprises are more willing to pay for marketing and sales SaaS solutions that can bring the most observable and feasible results on improving the acquisition of potential customers and promoting revenue growth, compared to other solutions such as human resource management and supply chain management, which primarily focus on improving back-end operation efficiencies. According to Frost & Sullivan, the marketing and sales SaaS solution market reached RMB20.6 billion in 2022, growing from RMB7.3 billion in 2018 with a CAGR of 29.7% from 2018 to 2022. The market size of marketing and sales SaaS solution is expected to reach RMB74.5 billion in 2027, representing a CAGR of 29.3% from 2022 to 2027. The marketing and sales SaaS solution market has demonstrated strong risk-resistance during the COVID-19 pandemic period as the growth of such market from 2021 to 2022 is faster than that of the overall SaaS market in the same period.

## INDUSTRY OVERVIEW

**Market Size of Marketing and Sales SaaS Solution in China**  
RMB Billion, 2018-2027E



Source: Frost & Sullivan

The total addressable market for marketing and sales SaaS solution is expected to reach RMB4,254.5 billion, with a penetration rate of 1.8% in 2027, growing from RMB1,546.6 billion with a penetration rate of 1.3% in 2022. While the current market size for marketing and sales SaaS solution is relatively small, enterprises in China are trending toward subscribing to SaaS solutions. Looking forward, a growing number of enterprises in China are expected to use marketing and sales SaaS solutions, driven by the advantages of flexible subscription options, high scalability, easy implementation and little maintenance needs.

From the demand side, with the cost of online traffic procurement rising while return on investment of online marketing declining, enterprises nowadays are more willing to purchase marketing and sales solutions to optimize their marketing and sales performance. Marketing and sales solutions help enterprises establish and manage official platforms, generate abundant marketing contents through AI technologies, and distribute these contents on a wide range of media platforms such as short-video platforms, social media platform and long-tail B2B websites, achieving effective marketing outcome in a cost-efficient way. As private traffic is playing an increasingly important role in China’s business environment, marketing and sales solutions also help enterprises explore more new selling, cross-selling or up-selling opportunities from potential or existing customers in private traffic domains such as WeChat and WeCom, building sustainable relationships with customers.

From the supply side, with many years of operation and commercial experience, leading marketing and sales SaaS solution providers have better understanding on customers’ dynamic demand on marketing and sales, and thus have the capabilities to provide helpful and high-value products and services that are preferred by customers. As a result, enterprises are increasingly willing to adopt marketing and sales SaaS solutions.

## INDUSTRY OVERVIEW

### Total Addressable Market ("TAM") of Marketing and Sales SaaS Solution in China RMB Billion, 2022-2027E



Notes:

- (1) TAM = number of enterprises \* average selling price;
- (2) Actual market size = number of paying enterprises \* average selling price

Source: Frost & Sullivan

### Drivers of the Marketing and Sales SaaS Solution Market in China

- **Large number of potential customers with growing demand for marketing and sales.** According to Frost & Sullivan, the total number of enterprises in China reached 52.8 million in 2022 and is expected to increase to 72.1 million in 2027. Enterprises are expected to face increasing competition for potential customers, leading to higher customer acquisition costs. As marketing and sales activities become a more important driver of business revenue growth, the demand and willingness to pay for related solutions is expected to increase.
- **Rising market acceptance of SaaS solutions to improve marketing and sales efficiencies.** According to Frost & Sullivan, for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90%-99% of the total cost of services. With the costs of online traffic rising, enterprises are now focusing more on generating quality marketing content and running private traffic campaigns. According to Frost & Sullivan, price of online traffic has increased by approximately 20% from 2018 to 2022, respectively. As a result, enterprises are increasingly willing to adopt marketing and sales SaaS solutions, which help attract and convert customers in a highly efficient manner. In addition, more enterprises today are managed by a new generation of leaders who are digitally savvy and more receptive to new technologies, such as AI, big data and cloud computing.

## INDUSTRY OVERVIEW

- Technological advances and deeper integration with other emerging technologies such as AI and big data technologies.** The marketing and sales SaaS solution market is characterized by continuous technology innovations and enrichment of functions. Deeper integration of SaaS solutions with emerging technologies such as AI and big data is required to meet enterprises’ ever-changing demands. For example, big data technologies provide enterprises with capabilities of processing and analyzing huge amounts of unstructured data from various sources, including articles, pictures and videos on both PCs and mobile applications. Leveraging AI technologies, enterprises can uncover hidden patterns and obtain insights from past activities throughout their marketing and sales process.
- Favorable government policies on digital transformation.** The significance of the digital economy and cloud computing can be observed from the Chinese Government’s most recent plans and policies. For example, the Fourteenth Five-Year Plan (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) listed cloud computing, together with big data, IoT, industrial internet, blockchain and AI, as well as AR and VR, as key industries within the digital economy. Particularly, in the “Development Plan of Digital Economy During the Fourteenth Five-Year” (“十四五”數字經濟發展規劃), the demand for digital transformation in marketing and sales was stated as one of the most important initiatives for enterprises’ digital transformation. The Implementation Plan for Promoting the Actions of “Migrating to Cloud, Using Digital Tools and Enabling Intelligence” and Fostering the Development of New Economy (關於推進“上雲用數賦智”行動培育新經濟發展實施方案) also called on enterprises to accelerate their digital transformation by increasing the adoption of cloud computing, big data and other technologies.

### Competitive Landscape of the Marketing and Sales SaaS Solution Market in China

The marketing and sales SaaS solution market in China is currently in a growth stage. In terms of revenue in 2022, we are the largest marketing and sales SaaS solution provider in China with revenue from SaaS business of RMB529.9 million in 2022, accounting for a market share of 2.6%, according to Frost & Sullivan.

Competitive Landscape of the Marketing and Sales SaaS Solution Market in China, by Revenue			
Ranking	Company	Revenue (RMB Million, 2022)	Market Share (%, 2022)
1	The Company	530	2.6%
2	Company A	430	2.1%
3	Company B	400	1.9%
4	Company C	330	1.6%
5	Company D	224	1.1%

## INDUSTRY OVERVIEW

*Notes:*

- Company A is a company founded in 1999 with headquarters in San Francisco, primarily providing CRM solutions globally. Company A is listed on the New York Stock Exchange.
- Company B is a company founded in 2013 with headquarters in Shanghai, primarily providing digital commerce and digital media services for enterprises in China. Company B is listed on the Hong Kong Stock Exchange.
- Company C is a company founded in 2008 with headquarters in Beijing, primarily providing CRM solutions in China.
- Company D is a company founded in 2012 with headquarters in Hangzhou, primarily providing cloud-based solutions, covering social e-commerce, new retail, beauty industry, education and global market, and various payment services for merchants in China. Company D is listed on the Hong Kong Stock Exchange.
- Industry peers are anonymized because Frost & Sullivan is contractually obligated to not disclose or improperly use trade secrets or other confidential information obtained in the course of concluding contracts with industry experts.

*Source: Frost & Sullivan*

According to Frost & Sullivan, compared with other companies’ marketing and sales SaaS solutions, we offer SaaS solutions with the widest range of functions.<sup>(1)</sup> We believe that one of our most important competitive edges against our peers is the capability to offer SaaS solutions with the widest range of functions commercially at large-scale, covering both the marketing phase and sales phase. This allows us to provide standard products and solutions with higher prices, contributing to our high profitability as demonstrated by the high gross profit margin and average contract value.

Company	Content and Experience	Advertising and Promotion	Social and Relationships	Sales and Delight	Data and Analytics	Strategy and Management
The Company						
Company A						
Company B						
Company C						
Company D						

Most functions that are commercially offered at large-scale  
 Least functions that are commercially offered at large-scale

*Source: Frost & Sullivan*

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## INDUSTRY OVERVIEW

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*Note:*

- (1) The table comparing different marketing and sales SaaS solutions available in the market was created based on a scorecard, which assesses our peers and us in six key areas, namely, content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, as well as strategy and management. Each area has six to eight sub-functions, and each of our peers and us earns a point if it offers one of those sub-functions commercially at a large scale. The selection of sub-functions for each of the six key areas in marketing and sales was introduced in marketing technology landscape supergraphic in 2011 by an experienced professional in the marketing industry. Since then, the concept of the six key areas in marketing and sales, along with their respective sub-functions, has been widely adopted and referenced by other marketing-related platforms. The score for each area is illustrated using Harvey balls. Overall, we achieve the highest total score among the six areas of marketing and sales activities, indicating that our SaaS solutions offer the widest range of functions.

The cost for a SaaS business includes expenses for employee benefits, broadband and other hardware, depreciation and amortization, taxes and surcharges, and other costs. Among these, employee benefits and broadband and other hardware costs contribute the most, typically representing 10%-35% and 50%-80% of the cost of sales, respectively.

### **Entry Barriers of the Marketing and Sales SaaS Solution Market in China**

- ***Extensive and sophisticated functions based on accumulated industry knowledge.*** Leading marketing and sales SaaS solution providers typically have a solid understanding of the pain points experienced by enterprises at different stages across a variety of industries. Solution providers acquire and analyze the needs of a large number of customers, identify the most representative ones, and develop marketing and sales solutions that offer extensive and sophisticated functions to best meet market demands. Therefore, it is critical for solution providers to gain industry knowledge and facilitate product development decisions. However, product iteration based on enterprise customers' complex and evolving demands can be hard for new entrants to achieve in the short term.
- ***Advanced technology.*** Technologies, including big data analytics, that collect, process and analyze vast amounts of unstructured data from various sources, and AI technologies that uncover hidden patterns and generate insights, are important to help enterprises complete sophisticated tasks throughout the marketing and sales phases. Such technologies are difficult to develop in the short term and typically require substantial investment, creating barriers for new entrants.
- ***Proven sales network with profound expertise.*** The expertise of sales representatives in a nationwide network is crucial to the success of marketing and sales SaaS solution providers. Compared to sales to individual customers, sales of marketing and sales solutions require sales representatives to have a deep understanding of both the solutions and industries of downstream enterprise customers. It is crucial to leverage sales staff expertise and professionalism to establish a relationship of trust with customers. In the short term, new entrants face high barriers to build such expertise and effective sales forces to serve customers across the nation.

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## INDUSTRY OVERVIEW

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- ***Strong brand awareness with steady customer loyalty.*** Leading solution providers benefit from stable customer loyalty, as enterprises in China generally prefer to choose offerings by reputable providers with a long operating history and that offer sophisticated solutions, powerful technologies, and responsive customer service. In addition, such steady customer loyalty also arises from the high switching costs that enterprises would face. Enterprises in China are more willing to adopt all-in-one marketing and sales SaaS solutions that can help solve their pain points throughout the entire marketing and sales process. As a result, once enterprises have adopted solutions by leading providers, the cost of switching to solutions of a new entrants would be high, primarily in terms of transferring data from one system to another and training employees on the new systems.

### **Future Trends of the Marketing and Sales SaaS Solution Market in China**

- ***Increasingly modularized all-in-one marketing and sales SaaS solutions.*** Functions of marketing and sales SaaS solutions are diverse and, in most cases, one marketing and sales SaaS solution is unable to provide enterprises with all of the necessary functions – from the marketing phase that generates new leads, to the sales phase that realizes sales growth – to build sustainable relationships with customers from different channels. Marketing and sales SaaS solutions consisting of different modularized functions are expected to be increasingly favored as more enterprises of all sizes, particularly large companies, are able to implement different modules discretionally based on their demands. To reduce the complexity of adopting different tools, more modularized all-in-one marketing SaaS solutions will appear in the market to help provide enterprises with a more coherent and flexible user experience.
- ***Continually integrated functionalities empowered by AI.*** AI technology is expected to be integrated in different application scenarios of marketing and sales SaaS solutions, such as AI content generation, content distribution and building relationships with customers. As it can improve efficiency at reduced costs, AI could significantly enhance the customer experience and broaden the customer base.
- ***Rise of domestic solution providers.*** Although overseas solution providers have had a presence in the Chinese market, as the business environment in China changes rapidly enterprises’ marketing and sales demands are under constant evolution, and overseas solution providers cannot capture such changes as well as enterprises’ underlying demands. Domestic solution providers can more easily capture trends and adapt to the dynamic environment, such as adopting social customer relationship management solutions to build closer and trusted relationships with customers through private traffic. The development of China’s marketing and sales SaaS solution market is expected to be led significantly by domestic solution providers in China in the future.

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## INDUSTRY OVERVIEW

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- **Expanding service capability to PaaS solutions.** A growing number of players, especially leading players, are expanding their service capabilities to PaaS solutions due to the synergistic effects they bring to SaaS solutions. Based on low-code platforms, PaaS solutions help both internal and external application developers build customized SaaS solutions with high agility, shorter development times and fewer IT personnel required. Through PaaS solutions, leading marketing and sales SaaS solution providers can further serve and meet customers' both standardized and personalized needs by attracting independent software vendor partners to develop useful applications on such providers' platforms.

### Impact of the COVID-19

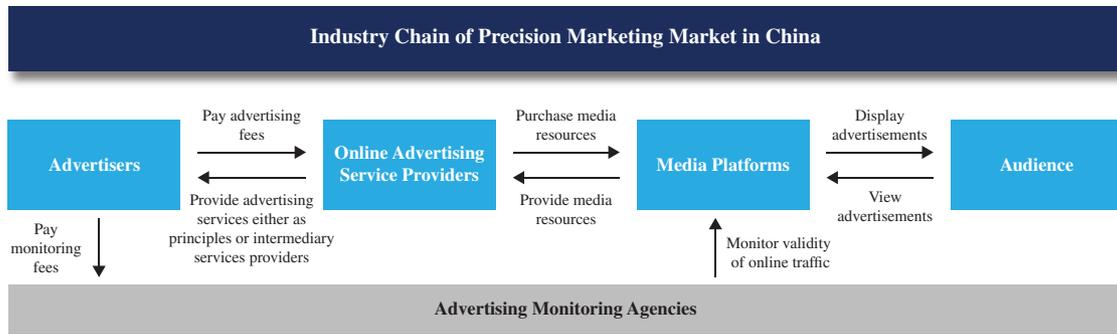
The COVID-19 pandemic since 2020 has had differing effects on the global business environment, including China. The pandemic has brought negative impact on the marketing and sales SaaS solution market in China in the short term. After the resurgence of COVID-19 in 2022 in many provinces and cities in China, including Shanghai, one of the largest cities in the world, many business-to-business enterprises, especially those based in cities affected by, are unable to conduct their usual marketing and sales activities with customers across the country, and limitations on offline marketing and sales approaches are expected to remain uncertain due to occasional travel restrictions in China. Meanwhile, a growing number of enterprises are expected to realize the importance of expediting their digital transformation rise of through investment in powerful and easy-to-use tools such as marketing and sales SaaS solutions.

## OVERVIEW OF THE PRECISION MARKETING MARKET IN CHINA

### Development of the Precision Marketing Market in China

Precision marketing can be defined as an online advertising technique that is applied to the delivery of relevant advertisements to target audiences and acquire and retain potential and existing customers. Precision marketing is applied to maximize the marketing outcome and returns measured by performance or display. Different types of participants are engaged in the precision marketing market, including advertisers, advertising service providers, media platforms, audience, and third-party technology providers. Advertising service providers, such as the Company, have a prominent role in the industry chain. They can act either as principal, planning online advertising campaigns for advertisers and placing advertisements on different media platforms, or as agents, providing intermediary services to distributors through selling them advertisement inventories purchased from online media platforms without planning and undertaking an advertising campaign or being responsible for the outcome.

## INDUSTRY OVERVIEW

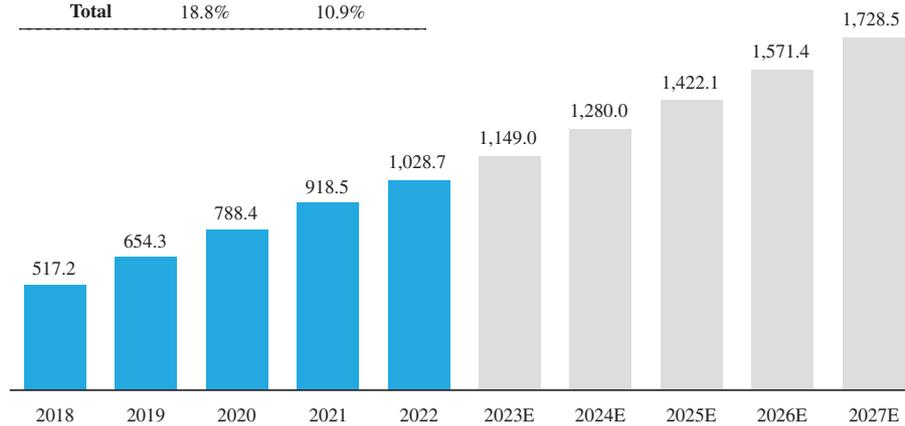


Source: Frost & Sullivan

According to Frost & Sullivan, the precision marketing market reached RMB1,028.7 billion in 2022, increasing from RMB517.2 billion in 2018 with a CAGR of 18.8% from 2018 to 2022. Looking forward, continually driven by the importance of online marketing, the rising costs of online traffic, and more sophisticated precision marketing solutions, the precision marketing market is expected to reach RMB1,728.5 billion in 2027, with a CAGR of 10.9% from 2022 to 2027.

**Market Size of the Precision Marketing Market in China**  
RMB billion, 2018-2027E

CAGR	2018-2022	2022-2027E
<b>Total</b>	18.8%	10.9%



Source: Frost & Sullivan

### Drivers of the Precision Marketing Market in China

- Increasing number of internet users.** Huge opportunities for online advertising arise from the growing number of internet users. According to Frost & Sullivan, internet users in China increased from 828.5 million in 2018 to 1,067.0 million in 2022, with a CAGR of 6.5% and a penetration rate of 75.6% in 2022. The number of internet users is expected to reach 1,201.3 million with a penetration rate of 85.7% in 2027. The population of internet users produces huge online traffic and provides a broad target base for advertisers.

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## INDUSTRY OVERVIEW

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- ***Commercialization of short video platforms.*** Following their rapid growth, short video platforms in China have accumulated an extremely large base of daily online traffic. They are able to monetize their online traffic through selling advertisement inventories, which provide favorable media platforms for advertisers in the precision marketing market.
- ***Optimal results brought by online advertising.*** Compared with traditional advertising, the performance of which is difficult to track both during and after an advertising campaign, online advertising enables advertisers to track the performance and analyze results of advertisements in real time. In addition, online marketing can increase the conversion rate of potential customers to paying customers by providing a much more efficient way for potential customers to purchase products/services after seeing an advertisement online.
- ***Synergies with marketing and sales SaaS solutions.*** Advertisers who employ marketing and sales SaaS solutions for online precision marketing activities are able to target potential customers more efficiently, which in turn would encourage increased investment in online marketing. Advances in technology, especially marketing and sales SaaS solutions, creates synergies with precision marketing, driving the growth of precision marketing market.

### Entry Barriers of the Precision Marketing Industry in China

- ***Leading media platform resources.*** In depth cooperation with leading online media platforms is important for advertising service providers, as such media platforms typically have more active audiences and may reach a wider target audience for advertisers. In addition, it is critical for precision marketing service providers to establish in depth relationships with leading online media platforms, in order to capture the rule changes in the marketing content distribution systems and maximize the return on investment of online advertising in a timely manner. However, it is difficult for new entrants to establish such relationships.
- ***Capability to generate high-quality contents.*** With the fierce competition in the market, advertising service providers tend to not only act as agencies that simply provide intermediary services, but also as the principals responsible for generating marketing contents and coordinating the overall online advertising campaigns. It is difficult for new entrants to produce high-quality marketing contents and effective marketing strategies that meet the changing audience preferences.

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### Future Trends of the Precision Marketing Industry in China

- ***Increasing integration with marketing and sales SaaS solutions.*** Online traffic costs continue to rise due to the relatively high concentration of high-quality traffic. Therefore, as a growing number of companies realize the benefits of marketing and sales SaaS solutions on improving the return on investment of online marketing, the precision marketing business is expected to have a deeper integration with marketing and sales SaaS solutions.
- ***Continuous growth of precision marketing on online short video platforms.*** With online videos becoming a major source of entertainment and news globally, it is expected that online short video platforms will continue to grow steadily in the foreseeable future. As a result, growing market opportunities are expected for precision marketing on online short video platforms.

### Competitive Landscape of the Precision Marketing Industry in China

The precision marketing market in China is highly fragmented. A large number of players participated in the precision marketing market either acted as principals to plan online advertising campaigns and place advertisements on different media platforms on behalf of advertisers or acted as agents to provide intermediary services. In 2022, the top five market players in China accounted for a domestic market share of approximately 10-15%. The Company accounted for approximately 0.06% of the total market in 2022 with revenue from precision marketing services of RMB612.9 million.

The cost of precision marketing business consists of advertising traffic costs on media platforms, employee benefit expenses, and taxes and surcharges. Due to the nature of precision marketing business, which involves procuring a significant amount of media resources, advertising traffic costs on media platforms typically contribute to 90%-99% of the cost of sales for precision marketing businesses, regardless of whether it offers precision marketing services as a principal or as an agent.

### SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to a total of RMB750,000 in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Apart from the Frost & Sullivan Report, we have not commissioned any other industry report in connection with the [REDACTED].

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We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries in which we operate. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

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### REGULATIONS

This section sets forth a summary of the main laws, rules and regulations that may affect our business activities in China.

#### **Regulations Relating to Value-added Telecommunications Services**

On September 25, 2000, the State Council issued the PRC Regulations on Telecommunications (《中華人民共和國電信條例》), or the Telecommunications Regulations, as last amended on February 6, 2016, to regulate telecommunications activities in China. The Telecommunications Regulations divided telecommunications services into two categories, namely “basic telecommunications services” and “value-added telecommunications services.” Pursuant to the Telecommunications Regulations, operators of value-added telecommunications services, or VATS, must first obtain a Value-added Telecommunications Business Operating License, or VATS License, from the Ministry of Industry and Information Technology of the People’s Republic of China, or the MIIT, or its provincial-level counterparts. On July 3, 2017, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》) which became effective on September 1, 2017, and set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

The Classified Catalog of Telecommunications Services (2015 Version) (《電信業務分類目錄(2015年版)》), or the 2015 MIIT Catalog, effective on March 1, 2016, and amended on June 6, 2019, divides telecommunication services into two major categories: A. basic telecommunication services, and B. value-added telecommunication services. And each major categories are divided into subcategories. Internet data center services refer to the placement, agency maintenance, system configuration and management services provided for users’ servers or other Internet/network-related equipment in a form of outsourced lease by utilizing the corresponding machine room facilities, as well as the lease of database systems, servers and other equipment, lease of the storage spaces of such equipment, lease of communication lines and export bandwidth on an agency basis, and other application services. IDC services also include Internet resource collaboration services. Internet resource collaboration services refer to the data storage, Internet application development environment, Internet application deployment, operation and management services provided for users through the Internet or other network-related means featuring availability at any time, use as needed, expansion at any time and collaborative sharing, and by virtue of the equipment and resources established on the data center. Online data processing and transaction processing services refer to the services of online data processing and transaction/affair processing provided for users through public communication networks or the Internet, by utilizing various kinds of data and affair/transaction processing application platforms that are connected to public communication networks or the Internet. The services of online data processing and transaction processing include transaction processing services, electronic data exchange services and network/electronic equipment data processing services. According to the 2015 MIIT Catalog, the Group’s EDI and IDC licenses are within sub-categories under “value-added telecommunication services” category.

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The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), or the IIS Measures, promulgated by the PRC State Council and as last amended on January 8, 2011, divides internet-based information services into services of a commercial nature and services of a non-commercial nature. According to IIS Measures, internet-based information services of a commercial nature refer to the charged services of providing information or web pages creation services to the online users through the internet. The 2015 MIIT Catalog further classifies the information services into five detailed sub-categories, i.e., (i) information release platform and transmission services, (ii) information search and inquiry services, (iii) information community platform services, (iv) instant information interaction services, and (v) information protection and processing services. Our PRC Legal Advisor is of the view that it is unlikely that information provided by us for our current business would fall under the category of internet-based information services of a commercial nature. In addition, according to IIS Measures, non-commercial internet-based information services refer to that is free of charge services that supply, through the Internet, to online users information that is open to and shared by the general public. According to the Filing Management Methods on Non-commercial Internet Information Service (《非經營性互聯網信息服務備案管理辦法》), or the NIIS Methods, promulgated on February 8, 2005 and amended on January 18, 2024, by the MIIT, provision of non-commercial internet-based information services within the territory of the PRC refers to the provision of internet information services of a non-commercial nature by organizations or individuals within the territory of the PRC through the websites via internet domain names or through websites which can only be visited via IP address. As our Company's website provides internet-based information services of a non-commercial nature through our websites, we fall within the regulatory scope of the IIS Measures and the NIIS Methods. And according to the IIS Measures, the state shall implement a filing-for-record system for internet-based information services of a non-commercial nature. Whoever intends to engage in non-commercial internet-based information services shall apply for filing-for-record to the administrative organ in charge of telecommunications of provincial-level, or to the State Council department in charge of the information industry. When carrying out filing-for-record procedures, the following materials shall be submitted: (i) the general situations of the host unit and the person(s) in charge of websites; (ii) the addresses of the websites and the items of services; and (iii) the approval documents of the relevant competent departments, where the service items fall within the scope of such internet-based information services as those relating to the news, publishing, education, health care, pharmaceuticals and medical instruments. Where materials submitted for filing-for-record are complete, the administrative organ in charge of telecommunications of provincial-level, or the State Council department in charge of the information industry, shall have them recorded with filing-for-record numbers. As of the Latest Practicable Date, the Company's website (<https://www.marketingforce.com>) has completed the filing procedures for the non-commercial internet information services in accordance with the IIS Measures and the NIIS Methods.

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### Regulations on Internet Security

Internet information in China is regulated and restricted from a national security standpoint. The SCNPC has enacted the Decisions on Maintaining Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China if such act constitutes a criminal offense for any effort to: (i) sell shoddy products or give false publicity to commodities or services; (ii) jeopardize others' business credibility and commodity reputation; (iii) infringe on others' intellectual property rights; (iv) fabricate and spread false information which effects the exchange of securities or other information which disrupts financial order; or (v) establish pornographic websites, provide services for connecting pornographic websites, or spread pornographic books and periodicals, movies, audiovisuals or pictures. The Ministry of Public Security of the PRC has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on December 16, 1997, which was amended by the State Council of the PRC on January 8, 2011. As indicated in the Administration Measures on the Security Protection of Computer Information Network with International Connections, no individual shall use the internet to endanger state security, divulge state secrets, infringe on legitimate rights and interests of others or engage in illegal criminal activities. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may administer a warning, confiscate its illegal gains or impose a fine, terminate its network connection and, in severe cases, revoke its operating license and shut down its websites.

The PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC and became effective on June 1, 2017, requires network operators to comply with laws and regulations and fulfill their obligations to safeguard the security of the network when conducting business and providing services. The Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities. The PRC Data Security Law also provides for a national security review procedure for data activities that affect or may affect national security and imposes export restrictions on certain data and information.

On December 28, 2021, the CAC and other relevant PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022.

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According to the Cybersecurity Review Measures, critical information infrastructure operators (the “CIIOs”) that purchase internet products and services or network platform operators that carry out data processing activities must be subject to a cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate a cybersecurity review to be conducted in the following circumstances: (i) internet platform operators who possess more than one million users’ personal information and seek to list abroad are obliged to apply for a cybersecurity review; (ii) CIIOs purchasing network products or services where national security has been or may be affected after it enters operation shall apply for a cybersecurity review; (iii) the competent PRC government authority may initiate cybersecurity review in case that any member of the cybersecurity review committee believes that any network product or service or data processing activity affects or is likely to affect national security and the Central Cyberspace Affairs Commission approve to do so.

On 16 September 2022, our PRC Legal Advisor conducted a phone consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, which was used named as 中國網絡安全審查技術與認證中心 the “CCRTCC”). According to the Answers to Reporters Regarding the Cybersecurity Review Measures (網信辦就《網路安全審查辦法》答記者問) published by the CAC, the Cybersecurity Review Office is a subordinate agency of the CAC, with work entrusted to the CCRTCC and the CCRTCC is responsible for receiving application materials and conducting formal reviews of the materials and set up a hotline for consultation regarding the cybersecurity review. Based on the foregoing, our PRC Legal Advisor is of the view that CCRTCC is the competent authority to provide opinion on the application of the Cybersecurity Review Measures to Group’s [REDACTED] in Hong Kong. As confirmed by CCRTCC, “listing in Hong Kong” does not constitute “listing abroad.” In addition, as of the Latest Practicable Date, our Directors confirm that we possess less than one million users’ personal information.

Based on the phone consultation with CCRTCC on 16 September 2022, CCRTCC confirmed that the possibility of being identified as a CIIO is relatively low if the Group did not receive any notification from PRC government authorities of being classified as a CIIO. However, CCRTCC also advised that the identification of CIIO depends on the further requirement of PRC government authorities, if any.

As of the Latest Practicable Date, (i) we have not been notified by any PRC government authorities of being classified as a CIIO; (ii) we have not been notified by any PRC government authorities requiring it to conduct the cybersecurity review; (iii) we have not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by its business operations or the [REDACTED]; and (iv) we consider that we have not engaged in any data processing activities or purchased any network products or services that affect or may affect national security. Based on the foregoing, our Directors and our PRC Legal Advisor is of the view that the likelihood of the Group or the [REDACTED] being subject to the cybersecurity review is low.

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Further, on April 13, 2023, our PRC Legal Advisor had conducted a telephone consultation with the CCRTCC, the officer confirmed that we are not required to file an application for cybersecurity review under the Cybersecurity Review Measures and that not filing the application for cybersecurity review complies with the Cybersecurity Review Measures.

On 7 July 2022, CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which came into effect on 1 September 2022. Pursuant to the Measures on Security Assessment of Cross-border Data Transfer, data processors providing outbound data shall apply for outbound data transfer security assessment with CAC in any of the following circumstances: (i) where a data processor provides important data abroad; (ii) where a CIIO or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since 1 January of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers are required.

As confirmed by our Directors, the Group’s data is stored on servers located within the territory of mainland China, and relevant systems have strict access control. As of the Latest Practicable Date, we are not aware of any outbound provision of data collected or produced through operations within the territory of the PRC that may trigger the application of the Measures on Security Assessment of Cross-border Data Transfer. Based on the foregoing, our PRC Legal Advisor is of the view that we are not required to submit for the outbound data transfer security assessment as of the Latest Practicable Date.

However, our PRC Legal Advisor also advised us that there is uncertainty as to the application and implementation of such laws since they have been in effect for a relatively short period of time. See “Risk factors – Risks Related to Our Business and Industry – We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences.”

The Network Data Security Management Regulation (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Regulation**”), published on 14 November 2021, applies to activities relating to the use of network to carry out data processing activities within the territory of the PRC. As we operate the Marketingforce platform in China to provide SaaS products and services, our PRC Legal Advisor is of the view that the Draft Regulation may be applicable to us if implemented in its current form.

According to the Draft Regulation, “data processor” means an individual or organization that independently makes decisions on the purpose and manner of processing in data processing activities. Data processors shall, in accordance with relevant state provisions, apply for cybersecurity review if their intended listing in Hong Kong affects or may affect national security.

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However, the Draft Regulation provides no further explanation or interpretation for “affects or may affect national security”. In the view of our PRC Legal Advisor, the PRC government authorities may have wide discretion in the interpretation of “affects or may affect national security.” Since the criteria are relatively vague, our PRC Legal Advisor and our Directors are of the view that it remains uncertain as to whether the Group and the [REDACTED] would be subject to the cybersecurity review if the Draft Regulation is implemented in its current form.

During the phone consultation conducted by our PRC Legal Advisor with CCRTCC dated September 16, 2022, CCRTCC confirmed that the Draft Regulation was still in the draft form for comments and had not yet come into force, and thus the listing in Hong Kong did not need to apply for the cybersecurity review. As of the Latest Practicable Date, the Draft Regulation has not been adopted yet, nor does it have any material update. Thus, as of the Latest Practicable Date, we are not obliged to proactively apply for the cybersecurity review according to the Draft Regulation.

In addition, the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (《互聯網信息服務算法推薦管理規定》), or Algorithm Recommendation Provisions, which took effect on March 1, 2022, implement classification and hierarchical management for algorithm-based recommendation service providers based on various criteria. The Algorithm Recommendation Provisions also require the algorithmic recommendation service providers to establish and improve the management systems and technical measures for algorithm mechanisms and to provide users with options that will not target their personal profiles or convenient options to close algorithmic recommendation services.

The Cyberspace Administration of China, in conjunction with the National Development and Reform Commission, Ministry of Education, Ministry of Science and Technology, Ministry of Industry and Information Technology, Ministry of Public Security, and State Administration of Radio and Television, has released the “Interim Measures for the Management of Generative Artificial Intelligence Services” (hereinafter referred to as the “Measures”), which took effect on August 15, 2023.

The Measures specify the overall requirements for providing and using generative artificial intelligence services, propose specific measures to promote the development of generative artificial intelligence technology, clarify requirements for training data processing activities and data annotation, establish norms for generative artificial intelligence services, and require generative artificial intelligence service providers to take effective measures to prevent minors from over-relying on or becoming addicted to generative artificial intelligence services. The Measures also require the identification of generated content such as images and videos in accordance with the “Regulations on the Management of Deep Synthesis of Internet Information Services, “and timely disposal of illegal content. In addition, the Measures establish systems for safety assessment, algorithm registration, and complaint reporting, and clarify legal responsibilities.

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The National Internet Information Office, the Ministry of Industry and Information Technology, and the Ministry of Public Security jointly issued the “Regulations on the Deep Synthesis Management of Internet Information Services” (hereinafter referred to as the “Regulations”), which implemented from January 10, 2023

The “Regulations” clearly stipulate that the use of deep synthesis technology to provide Internet information services within the territory of the People’s Republic of China is subject to these regulations. The general provisions of deep synthesis services are specified, emphasizing that deep synthesis services must not be used for activities prohibited by laws and administrative regulations. The “Regulations” require deep synthesis service providers to implement the main responsibility for information security, establish sound management systems and technical security measures, formulate public management rules and platform conventions, authenticate the real identity information of users, strengthen deep synthesis content management, establish sound rumor-refuting mechanisms and complaint and reporting mechanisms. Deep synthesis service providers and technical support providers are required to strengthen training data management and technical management, ensure data security, not illegally process personal information, and regularly review, evaluate, and verify algorithm mechanisms. Deep synthesis service providers and technical support providers with public opinion attributes or social mobilization capabilities should fulfill filing, change, and cancellation procedures. If new products, applications, or functions with public opinion attributes or social mobilization capabilities are launched, security assessments should be conducted.

### **Regulations on Privacy Protection**

On August 20, 2021, the SCNPC promulgated the Law of Personal Information Protection of PRC, or the Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. Pursuant to the Personal Information Protection law, “personal information” refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymized information. The Personal Information Protection Law specifically specified the rules for handling sensitive personal information, which means personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or grave harm to personal or property security, including information on biometric characteristics, financial accounts, individual location tracking, etc., as well as the personal information of minors under the age of 14. Personal information handlers shall bear responsibility for their personal information handling activities and adopt the necessary measures to safeguard the security of the personal information they handle. Otherwise, the personal information handlers will be ordered to correct and be confiscated illegal income, or suspend or terminate the provision of services, fines, or other penalties.

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In December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which became effective on March 15, 2012, and provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent, unless otherwise provided by laws and administrative regulations. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, internet information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority and cooperate with relevant authorities in investigation and solution.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in July 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide by the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable law.

In addition, the Cybersecurity Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; and (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide personal information to others without the consent of the persons whose data is collected. However, there will be an exception to the rules if the information has been processed and cannot be recovered, making it impossible to match such information with specific persons.

On May 28, 2020, the National People's Congress of the PRC issued the PRC Civil Code (《中華人民共和國民法典》), which became effective on January 1, 2021. The PRC Civil Code stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

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### Regulations Relating to Advertising Business

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) or the Advertising Law, which was latest amended on April 29, 2021. The Advertising Law requires that advertisements shall be true and legitimate, advertisements with certain special contents shall be subject to the relevant authorities review prior to publication, and shall not (i) use or covertly use the national flag, national anthem, national emblem, military flag, military anthem, military emblem of the People’s Republic of China; (ii) use or covertly use the name or image of state agencies, personnel of state agencies; (iii) use wordings such as “national level”, “highest level” and “best”; (iv) harm the dignity or interests of the state and divulge state secrets; (v) hinder social stability and harm public interest; (vi) endanger personal and property safety, and infringe upon personal privacy; (vii) hinder public order or violate social morality; (viii) contain obscenity, pornography, gambling, superstition, terror, violence contents; (ix) contain ethnic, racial, religious, sexual discrimination contents; (x) hinder protection of environment, natural resources or cultural heritage; and (xi) fall under any other circumstances stipulated by laws and administrative regulations. Violation of the aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. If such case is serious, the administration for market regulation may order termination of advertising operation or cancelation of the business license. As our marketing solutions and our business involve the provision of “advertisement design, production and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law.

On July 4, 2016, the State Administration for Industry and Commerce, or the SAIC, issued the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or the Internet Advertising Interim Measures, to regulate internet advertising activities, which became effective on September 1, 2016, defining internet advertising as any commercial advertising that directly or indirectly promotes goods or services through websites, webpages, internet applications and other internet media in the forms of words, pictures, audio, video or others, including promotion through emails, texts, images, video with embedded links and paid-for search results. On May 1, 2023, Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》), or the Internet Advertising Measures, issued by the State Administration for Market Regulation, took effect and replaced the the Internet Advertising Interim Measures, regulating commercial advertising activities for the direct or indirect promotion of commodities or services within the territory of the People’s Republic of China by making use of websites, webpages, internet applications and other internet media in the forms of texts, pictures, audios, videos or other forms. The Internet Advertising Measures specifically set out the following requirements, including but not limited to: (i) internet advertisements shall be authentic and legal, express the advertisement content in a healthy way and comply with the requirements of building a socialist society with an advanced culture and ideology as well as promoting good traditional Chinese culture; (ii) an Internet advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an “advertisement” by the advertising publisher to distinguish it from natural search results; (iii)

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where an Internet advertisement is published in the form of pop-up or otherwise, the advertiser and the advertisement publisher shall clearly mark a Close symbol to ensure that it can be closed by one click and shall not conduct in a way that will negatively affect the one-click-close function; (iv) cheating or misleading users into clicking on or browsing advertisements is prohibited; (v) the advertisers shall be responsible for the authenticity of the content of Internet advertisements; (vi) the advertising agencies and the advertisement publishers shall establish, improve and implement systems of registration, examination and archives management in respect of Internet advertising business; (vii) where an Internet advertisement is published by means of algorithmic recommendation or otherwise, the relevant rules of the algorithmic recommendation service and the record of advertisement placement shall be included in the advertisement archives.

### **Regulations Relating to Foreign Investment**

#### ***Encouraging Catalog and Negative List of Foreign Investment***

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment, or the Encouraging Catalog (《鼓勵外商投資產業目錄》), and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》), or the Negative List, which were promulgated and are amended from time to time by the MOFCOM and NDRC. The Encouraging Catalog and the Negative List layout the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted” and “prohibited”. Industries not listed in the Encouraging Catalog and the Negative List are generally deemed as falling into a fourth category “permitted”. The NDRC and MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), or the 2022 Encouraging Catalog, on October 26, 2022, and the 2021 Negative List, on December 27, 2021, to replace the previous encouraging catalog and negative list thereunder. According to the 2021 Negative List, foreign investors are only allowed to invest into certain types of value-added telecommunications services that have been opened up to foreign investment pursuant to China’s commitments to the WTO.

#### ***Foreign Investment Law and its Implementation Rules***

On March 15, 2019, the National People’s Congress of the PRC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, which came into effect on January 1, 2020, and replaced the trio of old rules regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations. The Foreign Investment Law does not comment on the concept of “de facto control” or contractual arrangements with VIEs; however, it has a catch-all provision under the definition of “foreign investment” to include investments made by foreign investors in China

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through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Furthermore, the Foreign Investment Law provides that foreign invested enterprises established according to the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, foreign invested enterprises shall adjust the structure and corporate governance in accordance with the current PRC Company Law (《中華人民共和國公司法》), which was last amended and took effect on October 26, 2018, and the Partnership Enterprise Law of the People's Republic of China (《中華人民共和國合夥企業法》), which was last amended on August 27, 2006, and took effect on June 1, 2007, and other laws and regulations governing the corporate governance.

The Foreign Investment Law stipulates that China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a license is required to enter a certain industry, the foreign investor must apply for one, and the government must treat the application the same as applied by a domestic enterprise, except where laws or regulations provide otherwise. In addition, foreign investors or foreign invested enterprises are required to file information reports and foreign investment shall be subject to the national security review.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The Implementation Rules to the Foreign Investment Law further clarifies 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 opening. The competent investment department and commerce department of the State Council shall be responsible for proposing the negative list for the State Council's approval.

On December 30, 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in the PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

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### *Foreign Investment in the Value-added Telecommunications Business*

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), or the “FITE Regulations”, which was promulgated by the State Council on December 11, 2001, and amended on September 10, 2008, February 6, 2016, and March 29, 2022. According to the FITE Regulations before its revision on March 29, 2022, a main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in China must (i) has the qualification of an enterprise legal person, (ii) obtained a basic telecommunications business operation license in the country or region where it is registered, (iii) has funds and professionals suitable for its business activities, and (iv) demonstrated a good track record and experience in operating a value-added telecommunications business. On March 29, 2022, the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) issued by the State Council removed the requirement “(iv) demonstrate a good track record and experience in operating a value-added telecommunications business” previously set out in the FITE Regulations. In July 2006, the Ministry of Information Industry, or the MII, released its Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《關於加強外商投資經營增值電信業務管理的通知》), or the “MII Notice”, pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

### **Regulations Relating to Artificial Intelligence Services**

On July 10, 2023, the CAC promulgated the Provisional Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the “AIGC Measures”), which took effect on August 15, 2023. The AIGC Measures regulate the use of generative artificial intelligence technologies to provide the public within the territory of the People’s Republic of China with services of generative text, pictures, audio, videos, and other content. The AIGC Measures provide that, among others, generative artificial intelligence service providers shall respect social morality and ethics, uphold socialist core values, generate no content prohibited by laws or regulations, prevent discrimination, and respect intellectual properties and personal information rights. Under the AIGC Measures, generative artificial intelligence service providers shall assume their responsibility as the producer of network information content and fulfill their obligation to secure network information. If personal information is involved, a generative artificial intelligence service provider shall assume its responsibility as a personal information handler and protect personal information. Further, a generative artificial intelligence service provider shall, including but not limited to, (i) enter into a service agreement with its users, (ii) specify and disclose its applicable users or purposes

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of its services, (iii) prevent underage-users from addicting to generative artificial intelligence services, (iv) protect users’ input information and usage records, (v) mark pictures, videos, and other generated content in accordance with the Administrative Provisions on In-depth Synthesis of Internet-based Information Services (《互聯網信息服務深度合成管理規定》), (vi) prevent the transmission of illegal content, and (vii) establish a complaint reporting channel. In addition, if the generative artificial intelligence service has an attribute of public opinions or capability of social mobilization, the service providers shall apply for security assessment according to relevant regulations and complete the filing formalities of algorithms in accordance with the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation. (《互聯網信息服務算法推薦管理規定》)

### **Regulations Relating to Intellectual Property in the PRC**

#### *Copyright and Software Registration*

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), as amended in 2010, and its related Implementing Regulations (《中華人民共和國著作權法實施條例》) issued by the State Council on August 2, 2002, and last amended on January 30, 2013, and became effective on March 1, 2013, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided for in the Copyright Law of the PRC, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, offer an apology, and pay damages, etc. On November 11, 2020, the SCNPC adopted the amendment to the Copyright Law of the PRC, or the 2020 Copyright Law, which took effect on June 1, 2021. The 2020 Copyright Law further strengthens copyright protection. For example, by: (i) raising maximum statutory compensation from RMB500,000 to RMB5,000,000; (ii) labeling “audiovisual works” as a new type of work to substitute “cinematographic works and works created by a process analogous to cinematography”; and (iii) refining evidential rules on the amount of compensation for copyright infringement. As of the Latest Practicable Date, the Group has 700 software copyrights registrations in the PRC.

The Copyright Law of the PRC labels computer software as a type of work. In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and last amended on 30 January 2013 (the latest revised version became effective from March 1, 2013), Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of network communication, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

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In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992, amended on February 20, 2002, and last revised on June 18, 2004, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

### *Trademark*

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), as most recently amended in 2019, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of such trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. According to the Trademark Law of the PRC, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc. As of the Latest Practicable Date, the Group has 26 trademark registrations in the PRC.

On April 29, 2014, the State Council issued the amended Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), or the 2014 Trademark Regulation, which became effective on May 1, 2014, and specified the requirements of applying for trademark registration and renewal. According to the 2014 Trademark Regulation, using a trademark that is identical to or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages.

### *Patent*

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Once the infringement of patent is

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confirmed, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc. On October 17, 2020, the SCNPC adopted the amendment to the Patent Law, or the 2020 Patent Law, which took effect on June 1, 2021. The 2020 Patent Law further strengthens patent protection. For example, (i) the design patent term extends from 10 years to 15 years, and rights holders can also now claim part of an entire product design; (ii) an invention will not lose its novelty in the event that it is firstly published for public interest under a national "state of emergency" or under "extraordinary circumstances" within 6 months after the application date of such invention; and (iii) the maximum statutory damages increase from RMB1,000,000 to RMB5,000,000. As of the Latest Practicable Date, the Group has 19 patent registrations in the PRC.

### *Domain Name*

Pursuant to the Measures for the Administration of Internet Domain Names of China (《中國互聯網絡域名管理辦法》) promulgated in November 2004 and came into effect in December 2004, or the 2004 Domain Names Measures, and the Measures for the Administration of Internet Domain names (《互聯網域名管理辦法》) promulgated in August 2017 and came into effect in November 2017, which replaced the 2004 Domain Names Measures, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the internet protocol (IP) address of that computer. The principle of "first come, first serve" is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Any organization or individual may file an application for settlement with the domain names dispute resolution institution or file a lawsuit in the people's court in accordance with the law, if such organization or individual consider its/his legal rights and interests to be infringed by domain names registered or used by others. As of the Latest Practicable Date, the Group has 53 domain name registrations in the PRC.

### **Regulations Relating to Labor Protection in the PRC**

According to the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, which was promulgated by the SCNPC in July 1994, came into effect on January 1, 1995, and most recently amended in December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is

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stipulated by the Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Contract Law and subsisting within the validity period thereof shall continue to be honored. With respect to a circumstance where a labor relationship has already been established before the implementation of the Labor Contract Law but no formal contract has been made, a written labor contract shall be entered into within one month from the effective date of the Labor Contract Law. In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as "dispatched workers." Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. The Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》), issued by the Ministry of Human Resources and Social Security of the People's Republic of China, on January 24, 2014, and came into effect on March 1, 2014, requires the number of dispatched workers to not exceed 10% of the total number of employees.

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was implemented on July 1, 2011, and amended on December 29, 2018, an employer that fails to make social insurance contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% per day by the social security premium collection agency, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council, which was last amended and took effect on March 24, 2019, an enterprise that fails to make housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline by the housing provident fund management center; otherwise, an application may be made to a local court for compulsory enforcement.

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### Regulations Relating to Leasing

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019, and took effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental prices, rental and repair liabilities, and other rights and obligations of both parties. In addition, pursuant to the Law on Administration of Urban Real Estate of the PRC and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and became effective on February 1, 2011, both lessor and lessee are required to register the lease within 30 days from execution of the property lease contract with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines ranging from RMB1,000 to RMB10,000.

According to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. If the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid. In addition, where the mortgaged property has been leased and the possession thereof has been transferred before the creation of the mortgage, the previously established leasehold interest will not be affected by the subsequent mortgage.

### Regulations Relating to Tax in the PRC

#### *Enterprise Income Tax*

On March 16, 2007, the SCNPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) or the EIT Law, which was last amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) on December 6, 2007, which were last amended on April 23, 2019. According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between

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the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the State Taxation Administration (the "SAT"), or the Circular 82, on April 22, 2009, and effective on January 1, 2008, and partially repealed on December 29, 2017, and became effective on the same date, sets up a more specific definition of "actual or de facto control" standard.

### *Value-Added Tax*

According to the Interim Regulation of the PRC on Value Added Tax (the "VAT") (《中華人民共和國增值稅暫行條例》), issued by the State Council on December 13, 1993, and last revised on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) issued by the Ministry of Finance, or the MOF, on December 25, 1993, and last revised on October 28, 2011, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period. According to the Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with VAT in an All-round Manner issued jointly by the MOF and SAT (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) on March 23, 2016, and partly amended by the MOF, SAT and the General Administration of Customs on March 20, 2019, and became effective on April 1, 2019, the countrywide pilot practice of levying VAT in lieu of business tax, or the Pilot Practice, has been carried out since May 1, 2016. According to the specific regulatory documents for the Pilot Practice, including the Implementation Measures for the Pilot Practice of Levying VAT in lieu of Business Tax (《營業稅改徵增值稅試點實施辦法》), which became effective on May 1, 2016, and partially repealed on March 20, 2019, and became effective on April 1, 2019, the VAT rates vary from 17%, 11%, 6%, 3% to 0% for taxpayers incurring taxable activities. According to the Notice of the MOF and SAT on Adjusting the Value-added Tax Rate (《財政部、國家稅務總局關於調整增值稅稅率的通知》) effective on May 1, 2018, the VAT tax rates on sales, imported goods that were previously subject to 17% and 11% are now adjusted to 16% and 10%, respectively. According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, and came into effect on April 1, 2019, the VAT tax rates on sales, imported goods that were previously subject to 16% and 10% are now adjusted to 13% and 9%, respectively. Our services are subject to VAT at the rate of 6% in accordance with such VAT regulations.

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### *Dividend Withholding Tax*

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which became effective on August 21, 2006, and the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or SAT Circular 81, which became effective on February 20, 2009, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (1) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (2) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or SAT Circular 81, which became effective on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the SAT issued the Circular of SAT on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發布<非居民納稅人享受協定待遇管理辦法>的公告》), or the SAT Circular 35, on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the Circular of SAT on Promulgation of the Administrative Measures for Non-Resident Enterprises (《國家稅務總局關於發佈<非居民納稅人享受稅收協定待遇管理辦法>的公告》), or the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, and where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》), or Circular 9, which was issued on February 3, 2018, by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether

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the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Circular of SAT on Promulgation of the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties.

### *Income Tax for Share Transfers*

According to the Circular of SAT Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Bulletin 7, promulgated by the SAT in February 2015, if a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by transfer of the equity interests of an offshore holding company (other than a purchase and sale of shares in a public securities market) without a reasonable commercial purpose, the PRC tax authorities have the power to reassess the nature of the transaction and the indirect equity transfer will be treated as a direct transfer. As a result, the gain derived from such transfer, which means the equity transfer price less the cost of equity, will be subject to the PRC withholding tax at a rate of up to 10%. In October 2017, SAT issued the Announcement of the SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or the SAT Bulletin 37, which, among others, repealed certain rules stipulated in SAT Bulletin 7 and became effective on December 1, 2017. The SAT Bulletin 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises.

### **Regulations Relating to Dividend Distributions**

The principal regulations governing the distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law, the Foreign Investment Law and the Implementation Rules of the Foreign Investment Law. Under these regulations, WFOEs in China may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, WFOE in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

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## REGULATORY OVERVIEW

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### Regulations Relating to Foreign Exchange

#### *Foreign Currency Exchange*

The principal regulations governing foreign currency exchange in China are the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), or the Foreign Exchange Administration Regulations, which were promulgated by the State Council on January 29, 1996, and last amended on August 5, 2008. Under the Foreign Exchange Administration Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China, unless prior approval of the State Administration of Foreign Exchange, or the SAFE or its local counterparts, has been obtained.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19, which came into effect on June 1, 2015, and amended by SAFE on December 30, 2019, and December 4, 2023. According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scopes of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scopes of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

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## REGULATORY OVERVIEW

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The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, was promulgated by SAFE on June 9, 2016, became effective on the same date, and was amended by SAFE on December 4, 2023. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company shall not be directly or indirectly used for purposes beyond its business scope or prohibited by the PRC laws shall not be provided as loans to its non-affiliated entities, shall not be directly or indirectly used for securities investment or other investment and wealth management other than bank principal protected products, and shall not be used for the construction or purchase of non-self-used real estate (except for the real estate enterprises).

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or Circular 3, which was amended by SAFE on December 4, 2023, and stipulates several capital control measures with respect to the outbound remittance of profit equivalent to more than US\$50,000 from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

In October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was amended by SAFE on December 4, 2023, and, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the [REDACTED] of Foreign Trade and Foreign Investment (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) jointly promulgated by the 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 took effect 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.

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## REGULATORY OVERVIEW

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### *Foreign Exchange Registration of Overseas Investment and Share Incentive Plan by PRC Residents*

Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or Circular 37, issued by SAFE and effective in July 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing and conduct round trip investment in China. Under Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate domestic or offshore assets or interests, while "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. Circular 37 requires that, before making contribution into a SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. Circular 37 further provides that holders of option or share-based awards granted by a non-listed SPV can exercise the options or share-based awards to become a shareholder of such non-listed SPV, subject to registration with SAFE or its local branch.

PRC residents or entities who have contributed legitimate domestic or offshore interests or assets to SPVs but have yet to obtain SAFE registration before the implementation of the Circular 37 shall register their ownership interests or control in such SPVs with SAFE or its local branch. An amendment to the registration is required if there is a material change in the registered SPV, such as any change of basic information (including change of such PRC resident's name and operation term), increases or decreases in investment amounts, transfers or exchanges of shares, or mergers or divisions. Failure to comply with the registration procedures set forth in Circular 37, or making misrepresentation or failure to disclose controllers of foreign-invested enterprise that is established through round-trip investment, may result in restrictions on the foreign exchange activities of the relevant foreign-invested enterprises, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participation in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated by SAFE on February 15, 2012, or the SAFE Circular 7, PRC residents who are granted shares or share options by companies listed on overseas stock exchanges under share incentive plans are required to (i) register with SAFE or its local branches, (ii) retain a qualified PRC agent, which may be a PRC subsidiary of the overseas listed company or another qualified institution selected by the PRC subsidiary, to conduct SAFE registration and other procedures with respect to the share incentive plans on behalf of the participants, and (iii) retain an overseas institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

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## REGULATORY OVERVIEW

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### *Overseas Listing and M&A*

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006, and revised on June 22, 2009. Foreign investors shall comply with the M&A rules when they purchase equity interests of a domestic company or subscribe for the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC for the purpose of purchasing the assets of a domestic company and operating the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A rules, among other things, purport to require that the offshore special purpose vehicle that is controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies of the aforementioned PRC companies or individuals using shares of such special purpose vehicle or shares held by its shareholders as a consideration to obtain CSRC approval prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

The Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC, which became effective on August 1, 2008, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds to be cleared by the Anti-monopoly Law Enforcement Agency of the State Council before they can be completed. In addition, on February 3, 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), or Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, on August 25, 2011, MOFCOM promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》), or the MOFCOM Security Review Regulations, which became effective on September 1, 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire “*de facto* control” of domestic enterprises with “national security” concerns. Under the MOFCOM Security Review Regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC and MOFCOM under the leadership of the State Council, to carry out the security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. These laws and regulations are continually

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## REGULATORY OVERVIEW

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evolving as the recently enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》) was jointly issued by NDRC and MOFCOM, which became effective on January 18, 2021. The Measures for the Security Review for Foreign Investment contains provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

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

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information through filing reports and legal opinions. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as scrutinized and determined in accordance with law by competent authorities under the State Council; (iii) the domestic company intending to make the securities offering and listing, or the controlling shareholder(s) and the actual controller of such company, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The Overseas Listing Trial Measures also provides that the overseas securities offering and listing will be deemed as an indirect overseas offering by PRC domestic companies if (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are accounted for by PRC domestic companies; and (ii) the issuer’s principal business activities are conducted in the PRC, or its principal place(s) of business are located in the PRC, or the senior executives responsible for its business operations and management are mostly Chinese citizens or persons domiciled in the PRC. It is not specified whether Chinese citizens from Taiwan, Hong Kong, and Macau are included in the foregoing specification. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted to the overseas regulators. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on any material events, such as change of control, investigation or punishment taken by overseas securities regulatory authorities, change of listing status or listing plate, or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

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## REGULATORY OVERVIEW

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On the same day, CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which among others, clarifies that (i) the PRC domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e. March 31, 2023) shall be deemed as existing issuers, or the Existing Issuers. Existing Issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (ii) on or prior to the effective date of the Overseas Listing Trial Measures, PRC domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from competent overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing prior to the completion of their overseas offering and listing; (iii) a six-month transition period from March 31, 2023 will be granted to PRC domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States) for their indirect overseas offering and listing, and if such companies complete their overseas offering and listing within such six months, they are deemed as Existing Issuers. However, if such domestic companies fail to complete the overseas issuance and listing within such six-month transition period, they shall file relevant documents with the CSRC in accordance with the requirements.

Based on the foregoing, if prior to the effective date of the Overseas Listing Trial Measures, the domestic enterprises have a valid overseas listing application and have not received the consent of the overseas regulator or overseas stock exchange, they may reasonably arrange the timing of filing the application and should complete the filing before the overseas offering and listing. We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas [REDACTED] and [REDACTED] on February 7, 2024. For the latest status of the Company’s compliance with the Overseas Listing Trial Measures, see “Contractual Arrangements – Filings and Approvals from PRC Governmental Authorities”

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### OVERVIEW

Our history can be traced back to the establishment of Shanghai Trueland by Mr. Zhao and Ms. ZHAO Fangqi (趙芳琪) with their own financial resources in 2009. For details of biographies of Mr. Zhao and Ms. ZHAO Fangqi, see “Directors and Senior Management” of this document. Following the incorporation of Shanghai Trueland, we offer marketing and sales SaaS solutions through our Marketingforce platform to serve enterprises of any size with a variety of needs.

Since our establishment in 2009, we have been dedicated to marketing-related business development, and have gradually launched individual products, such as website building and online content distribution, which later were integrated as functional modules in our SaaS products over the years. In 2011, the development of the Internet technology and relevant online services had led to a growing number of Internet users. As the amount of online traffic increased, enterprises recognized online advertising as an essential channel for customer acquisition. We were keenly aware of the increasing customer demand, and leveraged our existing experience in online marketing to engage in precision marketing services. We established Shanghai Kaililong specialized in precision marketing services for advertising on top-tier media platforms. At the initial stage of the business, we mainly cooperated with and procured traffic from major media platforms at the time including Baidu, Sina and Tencent. Our management team has witnessed the rapid development and major changes in China’s marketing market, and actively explores business models that are more in line with the market trend to seek more business opportunities. With the rapid development of technologies such as cloud computing, the demand for enterprises to improve marketing efficiency continues to emerge. Our management team deeply recognizes the huge development prospects of the SaaS business model and launched SaaS business through Shanghai Trueland in 2013. In 2013, we commenced designing and construction of our Marketingforce platform, the starting point of our journey to offer all-in-one marketing and sales solutions to Chinese enterprises. After two years of product development, in 2015, we released our signature product, the one-stop marketing SaaS product T Cloud, at the 360 software open platform.

From 2015 to 2019, we continued to expand our business coverage and successively set up branch offices in Shenzhen, Chengdu, Suzhou, Wenzhou, Hangzhou, and Ningbo. During this period, we continued to improve our products and offerings to gain greater competitive advantages. In 2017, we started to integrate various products in T cloud and offered as a package, including major functions such as online customer service, remarketing campaigns, and H5 page design. We introduced major updates for two main categories of functions, namely, intelligent official platform building and smart marketing content distribution, and launched various key functions including mini program development, hot topic identification and promotion materials generation. In addition, we substantially upgraded our official website building and mini program development functions to enable visualized design. In 2018, we added key customer management functions based on the WeChat platform as well as mini-program e-commerce tools, helping our customers improve operation efficiency. In 2019, we also transitioned T Cloud from client version to a web-based product, linking the various functions, data produced, and customer accounts together.

## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

Starting from 2019, with various governmental policies favorable to the development of SaaS enterprises being introduced, our management team predicted that the Chinese marketing and sales SaaS market would enter a rapid development stage. Therefore, we made further investments in research and development activities and expanded our sales network in order to gain first-mover advantages. Our R&D team expanded from more than 140 staff in 2019 to more than 200 staff in 2020. As of January 1, 2021, we provided 52 functional modules under our SaaS business, and we have continued to expand our offerings since then, with the number of functional modules growing to 237 as of December 31, 2023. With the rise of short video platforms, we continued to enrich the modules for short video marketing product in our products in 2020. We launched our one-stop sales SaaS product, True Client, in 2021, continuously enriching our SaaS product matrix. Starting from 2021, we expanded our operations and set up offices in more than ten cities, such as Zhongshan, Guangzhou, Nanjing, and Dongguan. Our sales team expanded from more than 670 staff as of December 31, 2020 to more than 900 staff as of December 31, 2023. Benefiting from our efforts in refining SaaS products and increasing marketing and promotional activities, we expanded our customer base of SaaS business, which increased from 24,127 in 2021 to 25,495 in 2023. The average contract value per user concurrently increased from RMB45,026 in 2021 to RMB51,238 in 2023. While we once experienced reduced marketing activities and higher customer attrition under the adverse impact of the pandemic in 2022, we had resumed with the expansion of our SaaS business since early 2023, leveraging our established sales network.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 23, 2021, as the holding company of our business as a whole.

### **MILESTONES OF DEVELOPMENT**

Our Group has experienced significant growth in its scale of operations since 2009 and the following is a summary of our Group’s key development milestones:

<b>Year</b>	<b>Event</b>
2009	Shanghai Trueland was established in Shanghai.
2011	Shanghai Kaililong was established in Shanghai.
2013	Shanghai Trueland launched SaaS service business.  We commenced designing and construction of our Marketing force platform.
2014	Wuxi Trueland was established in Wuxi.

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

<b>Year</b>	<b>Event</b>
2015	We launched our signature all-in-one marketing SaaS product T Cloud at 360 software open platform.  Guangdong Trueland was established in Guangdong.
2019	We won the Second Prize for National Science and Technology Progress Award.  We upgraded T Cloud from client version to a web-based software.
2020	We introduced the functional modules for short videos production, distribution and management on T Cloud.
2021	We launched our signature all-in-one sales SaaS product True Client.
2022	Hubei Trueland Digital Intelligent Technology Co., Ltd. was established in Hubei.

See “Business – Awards and Recognitions” for further details.

### CORPORATE DEVELOPMENT OF OUR GROUP

#### Our Major Subsidiaries and Consolidated Affiliated Entities

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

<b>Name of company</b>	<b>Place of establishment</b>	<b>Principal business activities</b>	<b>Date of establishment</b>
Shanghai Trueland	PRC	SaaS business and operation of cloud services business through our data middle platform	September 25, 2009
Wuxi Trueland	PRC	precision marketing business and SaaS business	May 20, 2014
Shanghai Kaililong	PRC	precision marketing business	May 16, 2011

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

### Commencement of our business and onshore equity financing

We commenced operations in September 2009, Shanghai Trueland was established by Mr. Zhao and Ms. ZHAO Fangqi with their own personal wealth, a limited liability company established in the PRC with a registered share capital of RMB0.5 million and was owned by Mr. Zhao and Ms. ZHAO Fangqi as to 90% and 10%, respectively. Our business was held through Shanghai Trueland and conducted by itself and its subsidiaries.

On April 25, 2011, the registered share capital of Shanghai Trueland was increased from RMB0.5 million to RMB10 million through a capital injection of a total amount of RMB9.5 million, among which RMB8.55 million was contributed by Mr. Zhao and RMB0.95 million was contributed by Ms. ZHAO Fangqi. Immediately after the capital increase, Shanghai Trueland was owned by Mr. Zhao and Ms. ZHAO Fangqi as to 90% and 10%, respectively.

During the period from December 2015 to February 2021, Shanghai Trueland conducted multiple rounds of onshore financings, through which the onshore affiliates of the Pre-[REDACTED] Investors invested in our business. See “Appendix IV Statutory and General Information – A. Further Information about Our Group – 3. Changes in Share Capital of Our Subsidiaries and Consolidated Affiliated Entities” for details of change of share capital in Shanghai Trueland within two years immediately preceding the date of this document. The capital structure of Shanghai Trueland following such onshore financings and additional transfers among shareholders immediately prior to the Reorganization is set out in the table below.

Item	Name of shareholder of Shanghai Trueland	Registered capital contributed (RMB)	Equity Interest in Shanghai Trueland (%)
1	Mr. Zhao	10,997,400	35.2865%
2	Ms. Zhu	9,300,000	29.8402%
3	Shanghai Hongyu <sup>(1)</sup>	3,000,000	9.6259%
4	Hangzhou Charm Equity Investment Partnership (Limited Partnership) (杭州長焱股權投資合夥企業(有限合夥), “Hangzhou Charm”) <sup>(2)</sup>	3,000,000	9.6259%
5	Ms. ZHAO Fangqi (趙芳琪) <sup>(3)</sup>	2,400,000	7.7005%
6	Shanghai Zhiyu <sup>(4)</sup>	702,600	2.2544%
7	Mr. TAN Kaihua (譚凱華) <sup>(5)</sup>	600,000	1.9252%
8	Jiaxing Hengjie Equity Investment Partnership (Limited Partnership) (嘉興恆捷股權投資合夥企業(有限合夥), “Jiaxing Hengjie”) <sup>(6)</sup>	566,000	1.8162%
9	Ms. XU Wenhua (許文華) <sup>(5)</sup>	441,400	1.4164%
10	Mr. GUO Peimin (郭培民) <sup>(5)</sup>	158,600	0.5088%
	<b>Total</b>	<b>31,166,000</b>	<b>100%</b>

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

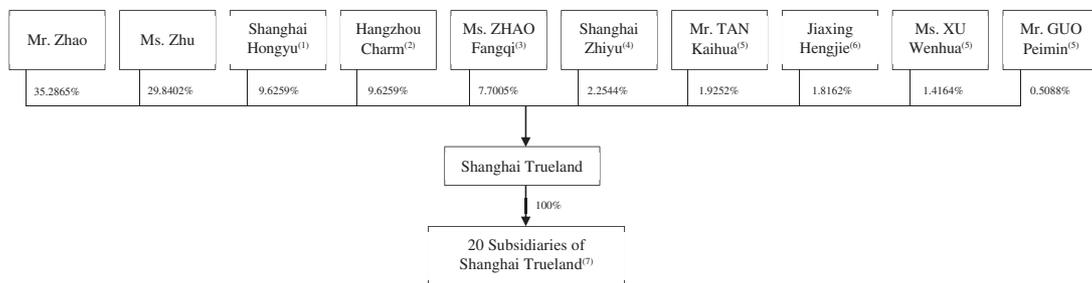
*Notes:*

- (1) Shanghai Hongyu is a limited partnership incorporated in the PRC as our employee stock ownership platform held by Mr. XU Jiankang, our executive Director and senior vice president, as to 39.41% interest as general partner, and other 15 staff of the Group as to 60.59% interest as limited partners, none of whom holds one-third or more interest in Shanghai Hongyu.
- (2) Hangzhou Charm held our Shares through Shanghai Shunying Business Information Consulting Partnership (Limited Partnership) (上海順灤商務信息諮詢合夥企業(有限合夥), “**Shanghai Shunying**”). Shanghai Shunying was held by Hangzhou Charm (as the limited partner) and Hangzhou Shengpan Investment Management Company Limited (杭州盛潘投資管理有限公司, “**Hangzhou Shengpan**”) (as the general partner) as to 99.995% and 0.005%, respectively. Please refer to “– Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments – 3. Information on the Pre-[REDACTED] Investors – Shanghai Shunying” for details.
- (3) Ms. ZHAO Fangqi is the sibling of Mr. Zhao and the sister-in-law of Ms. Zhu.
- (4) Shanghai Zhiyu is a limited partnership incorporated in the PRC on November 13, 2015 held by SUN Yongchao (the general partner), BI Kefa (a limited partner) and the other four limited partners as to 2.68%, 71.71% and 25.61%, respectively, all of whom are Independent Third Parties to our Company.
- (5) Each of Mr. TAN Kaihua, Ms. XU Wenhua and Mr. GUO Peimin is an Independent Third Party.
- (6) For details, please refer to “– Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments – 3. Information on the Pre-[REDACTED] Investors – Jiaxing Hengjie” below.

Our PRC Legal Advisor has confirmed that relevant approvals or filings have been obtained or made, as applicable, for the capital increases and equity transfers in China by Shanghai Trueland.

### REORGANIZATION

The following chart sets forth the shareholding structure of Shanghai Trueland, being the then key operating entity of the Group’s business, immediately prior to the Reorganization:



*Notes:*

For notes (1) to (6), please refer to “– Corporate Development of Our Group – Commencement of Our Business and Onshore Equity Financing” in this section.

(7) There were 20 subsidiaries of Shanghai Trueland immediately prior to the Reorganization, namely, Trueland Network, Chengdu Trueland, Shanghai Kaililong, Wuxi Kaililong, Kaililong (Guangzhou) Information Technology Co., Ltd. (凱麗隆(廣州)信息科技有限公司), Guangdong Trueland, Ningbo Trueland Information Technology Co., Ltd. (寧波珍島信息技術有限公司), Wenzhou Trueland Information Technology Co., Ltd. (溫州珍島信息技術有限公司), Suzhou Trueland Information Technology Co., Ltd. (蘇州珍島信息技術有限公司), Hangzhou Trueland Information Technology Co., Ltd. (杭州珍島信息技術有限公司), Shanghai Trueland Intelligence Technology Group

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Co., Ltd. (上海珍島智能技術集團有限公司), Trueland Digital, Dongchali, Jinhua Trueland Information Technology Co., Ltd. (金華市珍島信息技術有限公司), Zhongshan Trueland Information Technology Co., Ltd. (中山珍島信息技術有限公司), Taizhou Trueland Information Technology Co., Ltd. (台州珍島信息技術有限公司), Kunshan Trueland Information Technology Co., Ltd. (崑山珍島信息技術有限公司), Wuxi Trueland, Wuxi Trueland Intelligence Technology Co., Ltd (無錫珍島智能技術有限公司) and Shanghai Kaililong Big Data Technology Group Co., Ltd. (上海凱麗隆大數據科技集團有限公司).

(8) Mr. Zhao and Ms. Zhu entered into an acting-in-concert agreement on September 8, 2021 (“**Acting-in-concert Agreement**”), pursuant to which they have been aligning their votes at the board and/or shareholders’ meetings of Shanghai Trueland in accordance with the consensus achieved between them, and therefore were acting in concert in practice; and in the event that they are unable to reach consensus on any matter presented, they agreed to vote in accordance with the opinion of Mr. Zhao. As advised by our PRC Legal Advisor, the Acting-in-concert Agreement does not affect (i) the effective control of Shanghai Trueland according to the Contractual Arrangements, or (ii) the legality of the Contractual Arrangements. The acting-in-concert agreement was terminated on September 15, 2023.

In February 2021, we commenced the Reorganization of our Group in preparation for the [REDACTED], whereupon our Company became the holding company and listing vehicle of our Group and our PRC operations were conducted primarily by our Company through the Contractual Arrangements.

### 1. Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 23, 2021 to act as the holding company of our Group for the [REDACTED]. The initial authorized share capital of our Company was US\$50,000.00 divided into 500,000,000 shares of US\$0.0001 each. Upon incorporation, one ordinary share was allotted and issued to the initial subscriber (an Independent Third Party) at par value, and was subsequently transferred, on the same day, to Willam Zhao Limited, a limited liability company incorporated in BVI, which is ultimately controlled by Mr. Zhao.

On the same day, the Company allotted an aggregate of 885,578 shares to the following entities at par value of US\$0.0001 each, the consideration of which was settled in full on February 23, 2021:

Name	Number of shares	Consideration paid	Approximate % of shareholding in the Company after the allotment
Willam Zhao Limited <sup>(1)</sup>	352,864	US\$35.2864	39.85%
Shuina Zhu Limited <sup>(2)</sup>	298,402	US\$29.8402	33.70%
Shanghai Hongyu Limited <sup>(3)</sup>	96,259	US\$ 9.6259	10.87%
Fangqi Zhao Limited <sup>(4)</sup>	77,005	US\$7.7005	8.70%
Shanghai Zhiyu Limited <sup>(5)</sup>	22,544	US\$2.2544	2.55%
Kaihua Tan Limited <sup>(6)</sup>	19,252	US\$1.9252	2.17%
Peimin Guo Limited <sup>(7)</sup>	5,088	US\$0.5088	0.57%
Wenhua Xu Limited <sup>(8)</sup>	14,164	US\$1.4164	1.60%

*Notes:*

For notes (5)-(8), please refer to “ – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments – 3. Information on the Pre-[REDACTED] Investors” below for details.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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As of the Latest Practicable Date,

- (1) Willam Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Mr. Zhao.
- (2) Shuina Zhu Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. Zhu.
- (3) Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group as to 39.41% and 60.59%, respectively. Save for Mr. XU Jiankang, none of the remaining employees holds 30% or more interest in Shanghai Hongyu Limited.
- (4) Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. ZHAO Fangqi.

### 2. Incorporation of Marketingforce (HongKong) Limited and WFOE

Marketingforce (HongKong) Limited was incorporated under the laws of Hong Kong with limited liability on March 17, 2021. On the same day, Marketingforce (HongKong) Limited allotted one subscriber share to our Company, pursuant to which Marketingforce (HongKong) Limited became a wholly-owned subsidiary of our Company.

Marketingforce Network was established as our PRC holding company in the PRC on April 20, 2021 with an initial registered capital of US\$30 million, which was increased to US\$100 million on May 18, 2021. As of the Latest Practicable Date, Marketingforce Network was wholly owned by Marketingforce (HongKong) Limited.

### 3. Offshore Restructuring and Capital Reduction of Shanghai Trueland

With a view to reflecting the respective shareholding interests in Shanghai Trueland held by Hangzhou Charm as to 9.6259% and Jiaxing Hengjie as to 1.8162% at the level of the Company, on July 15, 2021, our Company allotted and issued 96,259 Series A-1 Preferred Shares at the consideration of RMB96,000,000 to Shanghai Shunying which is determined based on the early investment amount calculated by aggregating Hangzhou Charm’s original investment in Shanghai Trueland and 18,162 Series A-2 Preferred Shares at the consideration of RMB32,560,000 to Jiaxing Hengjie which was determined based on its original investment amount in Shanghai Trueland. For further details, please refer to notes (7) and (10) of “– Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments” below. Following such share allotment, our Company was held by Willam Zhao Limited, Shuina Zhu Limited, Shanghai Hongyu Limited, Shanghai Shunying, Fangqi Zhao Limited, Shanghai Zhiyu Limited, Kaihua Tan Limited, Jiaxing Hengjie, Wenhua Xu Limited and Peimin Guo Limited as to 35.2865%, 29.8402%, 9.6259%, 9.6259%, 7.7005%, 2.2544%, 1.9252%, 1.8162%, 1.4164% and 0.5088%, respectively.

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## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

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Accordingly, in August 2021, the registered share capital of Shanghai Trueland was decreased from RMB31.166 million to RMB27.6 million through reduction of capital contribution in the amount of RMB3 million and RMB0.566 million by Hangzhou Charm and Jiaxing Hengjie, respectively. Upon the completion of such capital reduction, Shanghai Trueland was held by Mr. Zhao, Ms. Zhu, Shanghai Hongyu, Ms. ZHAO Fangqi, Shanghai Zhiyu, Mr. TAN Kaihua, Mr. GUO Peimin and Ms. XU Wenhua as to 39.846%, 33.696%, 10.870%, 8.696%, 2.546%, 2.174%, 0.575% and 1.599%, respectively.

### **4. Entering into the Contractual Arrangements**

On September 8, 2021, Marketingforce Network entered into various agreements that constitute the Contractual Arrangements with, among others, Shanghai Trueland, under which all economic benefits arising from the business of our PRC Consolidated Affiliated Entities are transferred to the WFOE to the extent permitted by the PRC laws and regulations. The Contractual Arrangement [has been] further amended and restated in preparation for the [REDACTED]. For further details on the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in this document.

### **5. Transfer of two Hong Kong subsidiaries**

As part of our internal business restructuring, Shanghai Trueland transferred 100% interest of AMERICAN KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED to Marketingforce Management Ltd on August 27, 2021, while Wuxi Trueland transferred 100% interest of KAILILONG INTERNATIONAL HOLDING (H.K) LIMITED to Marketingforce Management Ltd on May 25, 2023.

## **MAJOR ACQUISITIONS, DISPOSALS AND MERGERS**

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

## **ALLOTMENT OF SHARES PURSUANT TO THE RSU SCHEME**

On November 10, 2021, the Board resolved to allot and issue an aggregate of 52,632 shares in the Company with a par value of US\$0.0001 to Isle Wealth, which hold our Shares pursuant to the RSU Scheme on trust for and on behalf of the grantees or our Company (as the case may be). Please refer to the section headed “Statutory and General Information – F. RSU Scheme” in Appendix IV to this document for further details.

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

### EARLY INVESTMENTS IN SHANGHAI TRUELAND AND PRE-[REDACTED] INVESTMENTS

#### 1. Overview

Details of early investments in Shanghai Trueland and the Pre-[REDACTED] Investments are summarized below in chronological order.

Relevant Pre-[REDACTED] Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup> consideration	Settlement date of the consideration	Number of Shares held immediately upon the [REDACTED]	Investment cost per Share immediately upon the [REDACTED] (HKD)	Premium/ (Discount) to the [REDACTED] <sup>(3)</sup>
Mr. GUO Peimin	Interest in Shanghai Trueland transferred from Ms. Zhu	December 24, 2015	5,088 <sup>(5)</sup>	-	-	-	RMB3,700,000 <sup>(6)</sup>	RMB727	May 9, 2017	1,017,600 <sup>(5)</sup>	[REDACTED]	[REDACTED]%
Shanghai Zhiyu	Interest in Shanghai Trueland transferred from Mr. Zhao	December 25, 2015	22,544 <sup>(6)</sup>	-	-	-	RMB16,400,000	RMB727	January 22, 2016	4,508,800	[REDACTED]	[REDACTED]%
Shanghai Shunying <sup>(7)(8)</sup>	Interest in Shanghai Trueland transferred from YU Ping and GUO Peimin to Hangzhou Charm and Subscription by Hangzhou Charm	March 30, 2017 <sup>(7)</sup>	-	96,259	-	-	RMB96,000,000	RMB997	June 22, 2021 <sup>(7)</sup>	5,629,200	[REDACTED] <sup>(8)</sup>	[REDACTED]%
Ms. XU Wenhua	Interest in Shanghai Trueland transferred from Mr. Guo Peimin	December 26, 2019	14,164 <sup>(9)</sup>	-	-	-	RMB20,350,000	RMB1,437	April 17, 2020	2,832,800 <sup>(9)</sup>	[REDACTED]	[REDACTED]%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Relevant Pre-[REDACTED] Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup> consideration	Settlement date of the consideration	Number of Shares held immediately upon the [REDACTED]	Investment cost per Share immediately upon the [REDACTED] (HKD)	Premium/ (Discount) to the [REDACTED] <sup>(3)</sup>
Jiaxing Hengjie <sup>(10)</sup>	Interest in Shanghai Trueland transferred from Shanghai Tenghui Venture Capital Partnership Enterprise (Limited Partnership) (“Tenghui”)	October 12, 2020	-	-	18,162	-	RMB32,560,000	RMB 1,793	July 21, 2021 <sup>(7)</sup>	3,632,400	[REDACTED]	[REDACTED] %
Mr. TAN Kaihua	Interest in Shanghai Trueland transferred from Beijing Huaxi	February 6, 2021	19,252 <sup>(11)</sup>	-	-	-	RMB14,000,000	RMB727	October 20, 2021	3,850,400 <sup>(11)</sup>	[REDACTED]	[REDACTED] %
NB DIGITAL Evergreen Investment Limited Partnership (“NB Digital”) <sup>(12)</sup>	Transferred from William Zhao I Limited	May 28, 2021 <sup>(13)</sup>	-	53,928	-	-	RMB133,200,000	RMB2,470	November 18, 2021	10,785,600	[REDACTED]	[REDACTED] %
LIHONG INVESTMENT CO., LIMITED (“Lihong”) <sup>(15)</sup>	Subscription	June 9, 2021 and June 18, 2021	-	-	-	33,835	US\$22,500,000	US\$665	June 21, 2021	6,767,000	[REDACTED]	[REDACTED] %
Top Mountain Shuye LP (“Top Mountain”) <sup>(14)</sup>	Subscription	June 18, 2021	-	-	-	4,511	US\$3,000,000	US\$665	June 22, 2021	0	-	[REDACTED] %
Top Mountain Shuye LP (“Top Mountain”) <sup>(14)</sup>	Transferred from William Zhao Limited	June 28, 2021	7,519	-	-	-	US\$4,000,000	US\$532	July 30, 2021	1,503,800	[REDACTED]	[REDACTED] %

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Relevant Pre-[REDACTED] Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup>	Settlement date of the consideration	Number of Shares held immediately upon the [REDACTED] (HKD)	Investment cost per Share immediately upon the [REDACTED] (Discount) to the Premium/ [REDACTED] <sup>(3)</sup>
Great Boom Group <sup>(14)</sup> Limited (旺佳集團有限公司) (“Great Boom”)	Transferred from William Zhao Limited	July 20, 2021	9,398	-	-	-	US\$3,000,000	US\$532	July 30, 2021	[REDACTED] 1,879,600	[REDACTED] [REDACTED]%
Zhenjun HE <sup>(14)</sup>	Transferred from William Zhao Limited	July 26, 2021	13,158	-	-	-	US\$7,000,000	US\$532	August 10, 2021	[REDACTED] 2,631,600	[REDACTED] [REDACTED]%
Multi Link Corporate <sup>(14)</sup> Development Limited (港聯企業發展有限公司) (“Multi Link”)	Transferred from William Zhao Limited	July 30, 2021	5,639	-	-	-	US\$3,000,000	US\$532	August 4, 2021	[REDACTED] 1,127,800	[REDACTED] [REDACTED]%
CCBI Overseas	Subscription	August 27, 2021 <sup>(16)</sup>	-	-	-	30,075	US\$19,999,875	US\$665	November 10, 2021	[REDACTED] 6,015,000	[REDACTED] [REDACTED]%
Haorong Co., Limited (“Haorong”)	Subscription	September 10, 2021	-	-	-	6,974	US\$4,638,000	US\$665	September 14, 2021	[REDACTED] 1,394,800	[REDACTED] [REDACTED]%
Rongjing Co. Limited (“Rongjing”)	Transferred from William Zhao Limited	September 17, 2021	-	-	-	45,113	US\$30,000,000	US\$665	September 21, 2021 and September 22, 2021	[REDACTED] 9,022,600	[REDACTED] [REDACTED]%
NB Digital	Subscription	September 28, 2021	-	-	-	18,045	US\$12,000,000	US\$665	September 29, 2021	[REDACTED] 3,609,000	[REDACTED] [REDACTED]%
Miracle International Development Limited (“Miracle International”) <sup>(15)</sup>	Transferred from Lihong	December 29, 2021	-	-	-	4,511	US\$3,000,000	US\$665	January 4, 2022	[REDACTED] 902,200	[REDACTED] [REDACTED]%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

*Notes:*

- (1) The numbers of Ordinary Shares and Preferred Shares acquired by the Pre-[REDACTED] Investors as set out in the above table has not taken into account the subsequent adjustment as a result of the 2022 Share Subdivision and the Share Subdivision. For the numbers of Shares held by each of the Pre-[REDACTED] Investors as of the Latest Practicable Date following the 2022 Share Subdivision, please see “– Shareholding Structure of our Company” below. Upon the [REDACTED] and the completion of the Share Subdivision and the [REDACTED], all the Preferred Shares will be automatically converted into Ordinary Shares. Please see “Share Capital” in this document for details.
- (2) Calculated based on the number of shares acquired by the Pre-[REDACTED] Investors as set out in the above table without taking any subsequent adjustment as a result of the 2022 Share Subdivision and the Share Subdivision.
- (3) For the purpose of better illustrating the premium or discount to the [REDACTED], the premium/discount here is calculated as if the 2022 Share Subdivision and the Share Subdivision had taken place before the closing of the Pre-[REDACTED] Investments and on the assumption that the [REDACTED] is HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range. With respect to the investment in the Company made by Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited and Wenhua Xu Limited, for the purpose of better illustrating the discount to the [REDACTED] as compared to the investment cost per Share, the discounts here are calculated based on (i) the early capital investment in Shanghai Trueland made by Shanghai Zhiyu, Mr. TAN Kaihua, Mr. GUO Peimin and Ms. XU Wenhua in the total amount of RMB16,400,000, RMB14,000,000, approximately RMB3,700,000 and RMB20,350,000, respectively; divided by (ii) the total amount of shares allotted by the Company to Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited and Wenhua Xu Limited in 2021, as further adjusted by the 2022 Share Subdivision and the Share Subdivision.
- (4) Mr. Zhao, our Controlling Shareholder, acquired 14,185 Series A-1 Preferred Shares through Willian Zhao I Limited, a limited company incorporated on May 7, 2021 in BVI and wholly owned by Mr. Zhao through Willam Zhao Limited.
- (5) As part of the Reorganization, on February 23, 2021, our Shareholders approved the issue and allotment of 5,088 Shares to Peimin Guo Limited, which is wholly-owned by Mr. GUO Peimin, at par value, in order to reflect the remaining balance, amounting to approximately RMB3,700,000, of the early investment made by Mr. GUO Peimin in Shanghai Trueland in 2015 and the shareholding of Mr. GUO Peimin in Shanghai Trueland immediately prior to the Reorganization.

The amount of approximately RMB3,700,000 is the remaining early investment amount calculated based on Mr. GUO Peimin’s original investment of RMB21 million into Shanghai Trueland in 2015 for the acquisition of 3% equity interest in Shanghai Trueland and further reduced and adjusted by Mr. GUO Peimin’s divestments in Shanghai Trueland (i) by transferring his 1% equity interest in Shanghai Trueland to Hangzhou Charm in 2017 and (ii) by transferring approximately 441,400 shares of Shanghai Trueland, accounting to approximately 1.416% of the then total share capital of Shanghai Trueland, to Ms. XU Wenhua in 2019, taking into account such impact as a result of the two capital increases in Shanghai Trueland in 2017.

- (6) As part of the Reorganization, on February 23, 2021, our Shareholders approved the issue and allotment of 22,544 Shares to Shanghai Zhiyu Limited at par value, in order to reflect the early investment made by Shanghai Zhiyu in Shanghai Trueland in 2015 and the shareholding of Shanghai Zhiyu in Shanghai Trueland immediately prior to the Reorganization.
- (7) As part of the Reorganization, on April 22, 2021, our Company, Shanghai Shunying and Jiaxing Hengjie entered into a preferred share subscription agreement, pursuant to which Shanghai Shunying agreed to subscribe 96,259 Series A-1 Preferred Shares at the consideration of RMB96,000,000 in order to reflect the early investment made by Hangzhou Charm in Shanghai Trueland in 2017 and the shareholding of Hangzhou Charm in Shanghai Trueland immediately prior to the Reorganization, being 9.6259%.

The amount of RMB96,000,000 is the early investment amount calculated by aggregating Hangzhou Charm’s original investment of (i) RMB63,000,000 and RMB9,000,000 as the consideration to YU Ping, an Independent Third Party to the best knowledge of the Company, and GUO Peimin, respectively, in March 2017, for the acquisition of 7% and 1% equity interest in Shanghai Trueland, and (ii) RMB24,000,000 contributed into Shanghai Trueland for the subscription of 600,000 shares of Shanghai Trueland in October 2017, upon which Hangzhou Charm held 9.8039% equity interest in Shanghai Trueland, which was diluted to 9.6259% in aggregate immediately prior to the Reorganization due to the investment made by Jiaxing Hengjie as mentioned in note 10 below. For the capital reduction of 9.6259% equity interest in Shanghai Trueland by Hangzhou Charm in August 2021, please refer to “– Reorganization” in this section for further details. Shanghai Shunying received Series A-1 Preferred Shares, reflecting Hangzhou Charm’s special rights in Shanghai Trueland, due to Hangzhou Charm’s early investment in 2017 provided financial support to the Company at a critical stage. For the relationship between Shanghai Shunying and Hangzhou Charm, please refer to “– 3. Information on Pre-[REDACTED] Investors” below for details.

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- (8) On November 25, 2021, Shanghai Shunying transferred 68,113 Series A-1 Preferred Shares to Willian Zhao I Limited at a consideration of RMB130 million and following such share transfer, Shanghai Shunying held the remaining 28,146 Series A-1 Preferred Shares. For the purpose of better illustrating the discount to the [REDACTED] as compared to the investment cost per Share, the cost per Share of Shanghai Shunying’s pre-[REDACTED] investment immediately upon the [REDACTED] does not take into account the decrease of 68,113 Series A-1 Preferred Shares due to the aforementioned transfer.
- (9) As part of the Reorganization, on February 23, 2021, our Shareholders approved the issue and allotment of 14,164 Shares to Wenhua Xu Limited, which is wholly-owned by Ms. XU Wenhua, at par value, in order to reflect the early investment made by Ms. XU Wenhua in Shanghai Trueland in 2019, which is in line with our organic growth and the investments made by the Pre-[REDACTED] Investors in 2015 and 2017, and the shareholding of Ms. XU Wenhua in Shanghai Trueland immediately prior to the Reorganization.
- (10) As part of the Reorganization, on April 22, 2021, our Company, Shanghai Shunying and Jiaying Hengjie entered into a preferred share subscription agreement, pursuant to which Jiaying Hengjie agreed to subscribe 18,162 Series A-2 Preferred Shares at the consideration of RMB32,560,000 in order to reflect the early investment made by Jiaying Hengjie in Shanghai Trueland in 2020 and the shareholding of Jiaying Hengjie in Shanghai Trueland immediately prior to the Reorganization, being 1.8162%.

The amount of RMB32,560,000 is Jiaying Hengjie’s original investment amount of RMB32,560,000 paid to Tenghui, an Independent Third Party, in October 2020 for the acquisition of 1.8162% equity interest in Shanghai Trueland. For the capital reduction of 1.8162% equity interest in Shanghai Trueland by Jiaying Hengjie in August 2021, please refer to “– Reorganization” in this section for further details.

- (11) As part of the Reorganization, on February 23, 2021, our Shareholders approved the issue and allotment of 19,252 Shares to Kaihua Tan Limited, which is wholly-owned by Mr. TAN Kaihua, at par value, in order to reflect the early investment made by Mr. TAN Kaihua in Shanghai Trueland in 2021 and the shareholding of Mr. TAN Kaihua in Shanghai Trueland immediately prior to the Reorganization. Mr. TAN Kaihua acquired the shares in Shanghai Trueland from Beijing Huaxi Investment Development Co., Ltd (北京華曦投資發展有限公司) (“**Beijing Huaxi**”), of which Mr. TAN Kaihua is a minority shareholder and the consideration was determined based on the investment price paid by Beijing Huaxi in 2015. Accordingly, the consideration for such transfer was in line with that by Shanghai Zhiyu and Mr. GUO Peimin, who invested in Shanghai Trueland at the same round.
- (12) NB Digital, our strategic partner, was expected to maintain long-term investments in our Company and increased its shareholding in our Company during the Series B investment. For strategic considerations, the price of the Series A-1 Preferred Shares acquired by NB Digital was at a certain discount to further enhance strategic mutual trust between NB Digital and our Company, taking into account the business potentials of our Company. The consideration of the Series B Preferred Shares subscribed by NB Digital was consistent with other Series B investors.
- (13) Pursuant to a share purchase agreement entered into among Willian Zhao I Limited, NB Digital and the Company on May 28, 2021, Willian Zhao I Limited agreed to sell and NB Digital agreed to purchase 53,928 series A-1 preferred shares of the Company (the “**Sale Shares**”) at a consideration of RMB133,200,000, which shall be reclassified as ordinary shares of the Company. Pursuant to an amendment agreement entered into among Willian Zhao I Limited, NB Digital and the Company on November 12, 2021, parties agreed to reclassify and re-designate the Sale Shares as series A-1 preferred shares of the Company.
- (14) Top Mountain, Great Boom, Zhenjun He and Multi Link, being optimistic about the prospect of the Company and confident of the management team, invested in our Company at the same time with the Series B investors and acquired the then-issued ordinary Shares from Willam Zhao Limited. A 20% discount was applied to the investment price of the relevant Ordinary Shares as compared to that of the Series B Preferred Shares, taking into account the absence of special rights of the Series B Preferred Shares. For the special rights granted to the Pre-[REDACTED] Investors, please refer to “– Principal Terms of the Pre-[REDACTED] Investments” for further details.
- (15) The subscription price of Lihong was settled in cash, among which US\$2,000,000 was provided by an affiliate of Miracle International. Accordingly, Lihong held two thirds of such shares subscribed on behalf of Miracle International. On December 29, 2021, 4,511 Shares held by Lihong were transferred to Miracle International at a consideration of US\$3,000,000. Following such transfer, Lihong ceased to be a Shareholder of the Company.

## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

- (16) Pursuant to a preferred share subscription agreement (the "**Subscription Agreement**") entered into among Willam Zhao Limited, Shuina Zhu Limited, Mr. Zhao, Ms. Zhu Shuina, CCBI Overseas and the Company on August 27, 2021, the Company agreed to issue and CCBI Overseas agreed to subscribe 45,112 series B preferred shares of the Company at a consideration of USD29,999,480. Pursuant to a supplemental letter agreement entered into among Willam Zhao Limited, Shuina Zhu Limited, Mr. Zhao, Ms. Zhu Shuina, CCBI Overseas and the Company on November 8, 2021, parties agreed that each number of "29,999,480" and "45,112" contained in the Subscription Agreement shall be amended and replaced by "19,999,875" and "30,075", respectively.

For the avoidance of doubt, Willian Zhao I Limited is a BVI company incorporated on May 7, 2021 and was wholly owned by Mr. Zhao, the founder of the Company, through Willam Zhao Limited. Therefore, 14,185 Series A-1 Preferred Shares acquired by Mr. Zhao through Willian Zhao I Limited in November 2021 is not regard as the Pre-[REDACTED] Investment of the Company for financial benefits and investment return purpose.

### **2. Principal Terms of the Pre-[REDACTED] Investments**

**Use of proceeds from the Pre-[REDACTED] Investments** : We will utilize the entire proceeds our Company obtained from the Pre-[REDACTED] Investments for strategic investments, new business and product development, technology infrastructure, personnel recruitment and sales and marketing, as well as other general corporate purposes. As of the Latest Practicable Date, the proceeds have been fully utilized.

**Strategic benefits the Pre-[REDACTED] Investors brought to our Company** : At the time of the Pre-[REDACTED] Investments, we were of the view that our Company can benefit from the additional capital injected by the Pre-[REDACTED] Investors' investments in our Company. We also believe that our Group would be able to benefit from the business knowledge and network of the Pre-[REDACTED] Investors, in particular, the insights on business expansion and strategic development of institutional investors including CCBI Overseas, Shanghai Shunying and Top Mountain, who have made investments in similar industries. Our Directors are also of the view that the investments made by the reputable investors would further increase our brand awareness and facilitate our marketing efforts. Their investments also demonstrated their confidence in our Group's operations. Particularly, leveraging the banking background of CCBI Overseas, as well as the analysis of the digital needs in the financial industry and the knowhow of business operations and marketing shared with us, we have further deepened the understanding of the banking and financial industry and have expanded our client base in the financial industry.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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- Basis of determining the consideration paid** : The consideration for the Pre-[REDACTED] Investments were determined based on arm’s length negotiations between our Company (or the respective selling shareholders, as applicable) and the Pre-[REDACTED] Investors with reference to various factors, including (a) the appraised market value of equity interests in Shanghai Trueland or our Company (as the case may be); (b) the timing of the investments and the organic expansion and growth of the Group prior to the relevant investments; (c) the rights may be enjoyed by the Pre-[REDACTED] Investors; (d) the Pre-[REDACTED] Investors’ strategic input in the management and general corporate governance practices of our Company; (e) the knowledge, resources and experience of the Pre-[REDACTED] Investor in capital markets, and business networks; and (f) the prospects of our business in the long run.
- Lock-up period** Each holder of the Ordinary Shares agrees to be subject to a maximum of 180-day lock-up period commencing on the date of the Document and ending on a date specified by the Company and the [REDACTED].
- Special rights** Special rights granted to the Pre-[REDACTED] Investors pursuant to the second amended and restated shareholders’ agreement and the fourth amended and restated memorandum and articles of association include the customary protective provisions, rights of first refusal and co-sale, pre-emptive right, director election rights, redemption rights, information rights and etc. The redemption right shall cease to be exercisable when our Company filed its [REDACTED] application and be discontinued immediately upon completion of the [REDACTED], while all other special rights shall be terminated upon completion of the [REDACTED].

### 3. Information on the Pre-[REDACTED] Investors

#### *Shanghai Zhiyu Limited*

Shanghai Zhiyu Limited, a company incorporated on February 9, 2021 in BVI, is primarily engaged in equity investment and was owned by SUN Yongchao, BI Kefa and the other four individual shareholders as to 2.68%, 71.71% and 25.61%, respectively, all of whom are PRC citizens and Independent Third Parties as at the Latest Practicable Date. Mr. SUN Yongchao is an associate professor of the advertising department of Shanghai University with extensive teaching and practical experience in the field of advertising and marketing. He has participated in various types of marketing and advertising schemes in the industries of retail,

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## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

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clothing, real estate, and in state-owned enterprises, and has held critical positions in well-known Internet companies. Mr. Sun has successively invested in and participated in the management and operation of the Internet and education and training enterprises. Mr. Sun and Mr. Zhao, the founder of our Company, have been friends for more than 20 years. He invested into our Company through Shanghai Zhiyu as he appreciated our operation philosophy, agreed with our operation mode, and was optimistic about the development trend of our Group’s technical marketing.

### ***Kaihua Tan Limited***

Kaihua Tan Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. TAN Kaihua, a PRC individual investor with extensive experience in real estate industry, including project feasibility study, project marketing, sales and implementation, and an Independent Third Party as at the Latest Practicable Date. Mr. TAN Kaihua has been acquainted with Mr. Zhao, our founder, executive Director, chairman and chief executive officer, through mutual friends for more than ten years, and have been interested in the prospects of digitalized marketing and sales industry. Following several rounds of negotiation and visits to the Group’s headquarters, Mr. Tan invested in our Group as he was optimistic about the prospect of our Group and the management team.

### ***Peimin Guo Limited***

Peimin Guo Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. GUO Peimin, a PRC citizen and Independent Third Party as at the Latest Practicable Date. Mr. GUO Peimin is primarily engaged in business operation and management. In the past ten years, he has focused on equity investment in the fields of vocational education and cultural creation. Mr. GUO Peimin became acquainted with Mr. Zhao through mutual friends in 2015. Based upon on-site inspection, due diligence and prudent evaluation, Mr. GUO Peimin invested in our Group with the belief of the promising development potential of our Company.

### ***Wenhua Xu Limited***

Wenhua Xu Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Ms. XU Wenhua, a PRC citizen and Independent Third Party as at the Latest Practicable Date. Ms. Xu has 30 years of financial work experience in the industries of machinery and engineering investment. She has been acquainted with Mr. Zhao, our founder, executive Director, chairman and chief executive officer, through mutual friends in 2019. Following several rounds of communication with Mr. Zhao and profound evaluation, Ms. Xu invested in our Group as she was optimistic about the prospect of our Group and the management team.

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## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

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### ***Mr. Zhenjun HE***

Mr. Zhenjun HE, an Australian citizen and a private investor primarily engaged in equity investments. He previously also invested in company focusing on artificial intelligence. Mr. Zhenjun HE is an Independent Third Party as at the Latest Practicable Date, and became acquainted with us through mutual friends. Following several rounds of negotiation and visits to the Group's headquarters, Mr. He invested in our Group as he was optimistic about the prospect of our Group and the management team.

### ***Great Boom***

Great Boom is an investment vehicle incorporated on January 11, 2013 in the BVI ultimately controlled by Mr. YU Yusheng. It engages in global financial investments including foreign exchange products, stocks and structured products. Mr. YU Yusheng, being the ultimate beneficial owner and sole director of Great Boom, also engages in property development in China and Australia and has over 20 years of extensive experience in both property development and financial investment, and was an Independent Third Party as at the Latest Practicable Date.

### ***Top Mountain***

Top Mountain is a limited partnership incorporated on March 29, 2021 in BVI. It is primarily engaged in enterprise investment and ultimately controlled by TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. and YANG Xiaoning (楊小寧) as the general partners and eight Independent Third Parties as limited partners as to 12.5%, 7.5% and 80%, respectively, none of which holds more than 30% equity interest in Top Mountain. TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. is wholly owned by an Independent Third Party, namely, ZHANG Mingyi (張明義), who participated in various investments in new economy companies in electric vehicles sector, internet healthcare and consumer products industry. Mr. YANG Xiaoning, being the founding partner and chairman of Chifortune Venture Capital (紫峰資本), has participated in the investments of more than 20 companies, including companies engaging in electric vehicle production and other advanced technologies. He is also named by WISH China (維犀中國) as one of the Top 40 New Energy Pioneer Investors in 2022. Each of ZHANG Mingyi, YANG Xiaoning and the eight limited partners of Top Mountain are Independent Third Parties. Top Mountain invested into us as it was optimistic about the prospect of our Company and the management team.

### ***Multi Link***

Multi Link is a limited company incorporated on July 29, 2013 in BVI. It is primarily engaged in investment and wholly owned by Wu Yi (吳毅), an Independent Third Party. Multi Link was an Independent Third Party as at the Latest Practicable Date. Mr. WU Yi invested into our Group through Multi Link as he was optimistic about the future prospects of SaaS in the marketing and sales field in the PRC with the belief that our Company could boost its business in line with the development of this industry.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### *Shanghai Shunying*

Shanghai Shunying is a limited partnership formed on August 3, 2018 in the PRC held by Hangzhou Shengpan as the general partner and Hangzhou Charm as a limited partner as to 0.005% and 99.995%, respectively. Hangzhou Charm is a limited partnership formed on April 15, 2016 in the PRC held by Hangzhou Shengpan as the general partner and the other 42 Independent Third Parties as limited partners. Each of such 42 limited partners held less than 10% of equity interest in Hangzhou Charm. Hangzhou Shengpan is held by YANG Yan and XIAO Lei as to 50% and 50%, respectively, both of whom are Independent Third Parties. Hangzhou Charm is a private fund primarily investing in equity and equity-related securities of companies with main operations in the PRC with Morgan Stanley (China) Private Equity Investment Management Co., Ltd. (摩根士丹利 (中國) 股權投資管理有限公司) (“**MSPE China**”) acting as its private fund manager. MSPE China has been focusing on managing RMB private equity investment funds since 2014. MSPE China is a subsidiary of Morgan Stanley, which is a company listed on the New York Stock Exchange.

### *Jiaxing Hengjie*

Jiaxing Hengjie is a limited partnership incorporated in the PRC on June 22, 2020. It is primarily engaged in equity investment and managed and controlled by Tianjin Hongdao North Beta Technology Development Co., Ltd. (天津弘道北拓科技發展有限公司, “**Tianjin Hongdao North Beta**”) being the general partner as to 5.70% interest. The remaining interest in Jiaxing Hengjie is held by 16 limited partners. Save for Mr. HUANG Shaodong, our non-executive Director, who holds approximately 13.39% interest in Jiaxing Hengjie as a limited partner, each of the remaining limited partners is an Independent Third Party. Tianjin Hongdao North Beta is a wholly owned subsidiary of Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司), which is in turn ultimately controlled by Mr. ZHU Zhengguo (朱正國), who is a mature investor and has been focusing on and deeply cultivating the digital technology industry.

### *NB Digital*

NB Digital is an exempted limited partnership incorporated on January 11, 2021 in the Cayman Islands. It is primarily engaged in enterprise investment and owned by NBC Capital Management Co., Ltd. (“**NBC**”) as the general partner and other four Independent Third Parties as the limited partners. Save for one limited partner, PORTERFIELD VENTURES S.A., a company incorporated in BVI which is wholly owned by an individual who is an Independent Third Party, namely CHAN Chung Yung, none of the other three limited partners held more than 30% interest in NB Digital as at the Latest Practicable Date. NBC is also ultimately controlled by Mr. ZHU Zhengguo (朱正國), who is a mature investor and has been focusing on and deeply cultivating the digital technology industry.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### *CCBI Overseas*

CCBI Overseas is a limited liability company incorporated in Hong Kong. It is a direct wholly-owned subsidiary of CCB International (Holdings) Limited (“**CCBI**”). CCBI is a financial and investment services company which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). In terms of industry coverage, CCBI vigorously engaged in emerging industries such as high and new technology, Internet (mobile Internet) and biomedicine, and made equity investments in a number of outstanding new economy unicorns. Besides, CCBI also pays attention to traditional industries including consumer, conventional pharmaceuticals, environmental protection & energy conservation, and real estate. CCBI has invested several unicorns whose valuation is more than USD10 billion, as well as dozens of disruptive innovative enterprises with great development potential in recent years. CCBI is the sole shareholder of CCB International Capital Limited, one of our Joint Sponsors.

### *Haorong*

Haorong is a company incorporated on July 6, 2021 in the BVI and a wholly-owned subsidiary of Shanghai Haorong Enterprise Management Centre Partnership (Limited Partnership) (上海顯榮企業管理中心(有限合夥), “**Shanghai Haorong**”). Shanghai Haorong is a limited partnership established on July 1, 2021 in the PRC. It is primarily engaged in enterprise management and consultation and was owned by Shanghai Yitu Enterprise Management Co., Ltd. (上海羿圖企業管理有限公司) (“**Shanghai Yitu**”) as the general partner and Shanghai Kuyu Network Technology Co., Ltd. (上海酷雨網絡科技有限公司) (“**Shanghai Kuyu**”) as the limited partner as to 1% and 99%. Shanghai Yitu is a limited company held by three Independent Third Parties, namely LI Ang (李昂), XIAO Yubiao (肖宇彪) and LI Zhengyuan (李征媛) as to 46%, 44% and 10%, and is primarily engaged in business management and consulting, investing in smart technology, service software, creative culture and other fields with its own funds. Shanghai Kuyu is owned by three Independent Third Parties, namely LI Zhengyuan (李征媛), DONG Meng (董萌) and Shanghai Yitu as to 98%, 1% and 1%, respectively. Haorong invested into us as it was optimistic about the prospect of our Company and the management team.

### *Rongjing*

Rongjing is a company incorporated on July 9, 2021 in BVI. It is primarily engaged in equity investment and was wholly owned by Shark Entertainment Limited (飛鯊娛樂有限公司) as at the Latest Practicable Date. Shark Entertainment Limited is wholly owned by an Independent Third Party, namely Chen Chi (陳馳). Rongjing invested into us as it was optimistic about the prospect of our Company and the management team.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### *Miracle International*

Miracle International is a company incorporated on March 15, 2021 in Hong Kong. It is primarily engaged in equity investment in the fields of IT software, hardware and medical laboratory equipment and was wholly owned by an Independent Third Party, namely Fu Gang (付剛), as at the Latest Practicable Date. Miracle International invested into us as it was optimistic about the prospect of our Company and the management team.

As of the Latest Practicable Date and to the best knowledge of our Directors, save as disclosed above in “Information on the Pre-[REDACTED] Investors” with respect to the relationship between our Company and the Pre-[REDACTED] Investors, none of the Pre-[REDACTED] Investors as mentioned in this section has any past or present relationship (including, without limitation, family, business, financing, or employment) with our Company, the subsidiaries of our Company, our shareholders, Directors, senior management or any of their respective associates.

#### **4. Compliance with the Guide for New Listing Applicants on Pre-[REDACTED] Investment**

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was settled more than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange in relation to the [REDACTED] and (ii) special rights granted to the Pre-[REDACTED] Investors in respect of our Company will be suspended upon filing of a [REDACTED] application and/or will be terminated upon [REDACTED], the Joint Sponsors have confirmed that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

### **CONTEMPLATED PRC LISTING**

In the second half of 2017, we commenced the preparation for the listing of our Group on the ChiNext market of the Shenzhen Stock Exchange (the “**Contemplated A Share Listing**”) and in this regard, in November 2017, Shanghai Trueland entered into a guidance agreement (the “**Guidance Agreement**”) (輔導協議) for receiving preparation guidance in accordance with the relevant PRC rules. The Guidance Agreement was terminated in December 2018.

By late 2018, after taking into consideration a number of factors, including (i) the business scale of Shanghai Trueland at the relevant time; and (ii) the Stock Exchange being the listing venue chosen by the Company’ peers, Shanghai Trueland decided not to proceed with the Contemplated A Share Listing and accordingly terminated the Guidance Agreement in December 2018. The Company considers that the Stock Exchange, as an internationally recognized and reputable stock exchange, will help to promote the Group to overseas investors and provide direct access to foreign capital.

Since the execution of the Guidance Agreement and up to the date of its termination, Shanghai Trueland had not submitted its listing application to the ChiNext market of the Shenzhen Stock Exchange and therefore no comment was received by Shanghai Trueland from

## **HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT**

CSRC or the relevant stock exchange. Our Directors confirm that, to the best of their knowledge, there were no other matters in relation to the Contemplated A Share Listing that need to be brought to the attention of potential investors under the [REDACTED].

Having performed the relevant due diligence on the Contemplated A Share Listing, including (i) discussing with the management of our Company regarding the Contemplated A Share Listing; (ii) conducting interviews with the then professional parties engaged by our Group for the purpose of the Contemplated A Share Listing; and (iii) reviewing documents relating to the Contemplated A Share Listing, the Joint Sponsors, not possessing the relevant qualification or expertise in relation to advising on the Contemplated A Share Listing, were not aware of any material findings in relation to the Contemplated A Share Listing that need to be brought to the attention of the potential investors under the [REDACTED] or the Stock Exchange.

### **2022 SHARE SUBDIVISION**

On August 8, 2022, each issued and unissued shares of a par value of US\$0.0001 each in the capital of our Company was sub-divided into 20 Shares of a par value of US\$0.000005 each, such that following the 2022 Share Subdivision, the authorized share capital of our Company was US\$50,000 divided into 10,000,000,000 Shares of a par value of US\$0.000005 each.

### **SHAREHOLDING STRUCTURE OF OUR COMPANY**

Set out below is a summary of the shareholding structure of our Company as of the Latest Practicable Date and immediately before the completion of the Share Subdivision and the [REDACTED]:

<b>Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate % of shareholding in the Company</b>
Willam Zhao Limited <sup>(1)</sup>	5,440,760	23.74%
Shuina Zhu Limited <sup>(2)</sup>	5,968,040	26.04%
Shanghai Hongyu Limited <sup>(3)</sup>	1,925,180	8.40%
Fangqi Zhao Limited <sup>(4)</sup>	1,540,100	6.72%
Shanghai Zhiyu Limited <sup>(5)</sup>	450,880	1.97%
Kaihua Tan Limited <sup>(6)</sup>	385,040	1.68%
Peimin Guo Limited <sup>(7)</sup>	101,760	0.44%
Wenhua Xu Limited <sup>(8)</sup>	283,280	1.24%
Isle Wealth	1,052,640	4.59%
Zhenjun He <sup>(9)</sup>	263,160	1.15%
Multi Link <sup>(10)</sup>	112,780	0.49%
Great Boom <sup>(11)</sup>	187,960	0.82%
Top Mountain <sup>(12)</sup>	150,380	0.66%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Shareholders	Number of Shares held	Approximate % of shareholding in the Company
Shanghai Shunying <sup>(13)</sup>	562,920	2.46%
Willian Zhao I Limited <sup>(14)</sup>	283,700	1.24%
NB Digital <sup>(15)</sup>	2,116,160	9.23%
Jiaxing Hengjie <sup>(16)</sup>	363,240	1.58%
Haorong <sup>(17)</sup>	139,480	0.61%
CCBI Overseas <sup>(18)</sup>	601,500	2.62%
Rongjing <sup>(19)</sup>	902,260	3.94%
Miracle International <sup>(20)</sup>	90,220	0.39%
<b>Total</b>	<b>22,921,440</b>	<b>100%</b>

*Notes:*

For notes (1) to (20), see “– Corporate Structure – Corporate structure immediately following the [REDACTED]” in this section.

### SHARE SUBDIVISION

We expect to conduct the Share Subdivision immediately before the [REDACTED], pursuant to which each Ordinary Share and Preferred Share with par value US\$0.000005 in our issued and unissued share capital will be subdivided into [ten] Shares with par value US\$0.000005 each, following which our issued share capital will consist of (i) 178,619,600 Ordinary Shares with par value of US\$0.000005 each, (ii) 19,251,800 Series A-1 Preferred Shares with par value of US\$0.000005 each, (iii) 3,632,400 Series A-2 Preferred Shares with par value of US\$0.000005 each and (iv) 27,710,600 Series B Preferred Shares with par value of US\$0.000005 each. All the Preferred Shares will be converted into Ordinary Shares upon the [REDACTED] and the completion of the [REDACTED].

### PUBLIC FLOAT

Upon the [REDACTED], the Shares held by Willam Zhao Limited, Willian Zhao I Limited, Shuina Zhu Limited, Shanghai Hongyu Limited, Fangqi Zhao Limited, Jiaxing Hengjie and NB Digital will not be counted towards the public float of the Company. Save for our Shares held by the aforesaid Shareholders, our Shares held by other existing Shareholders will be counted towards the public float.

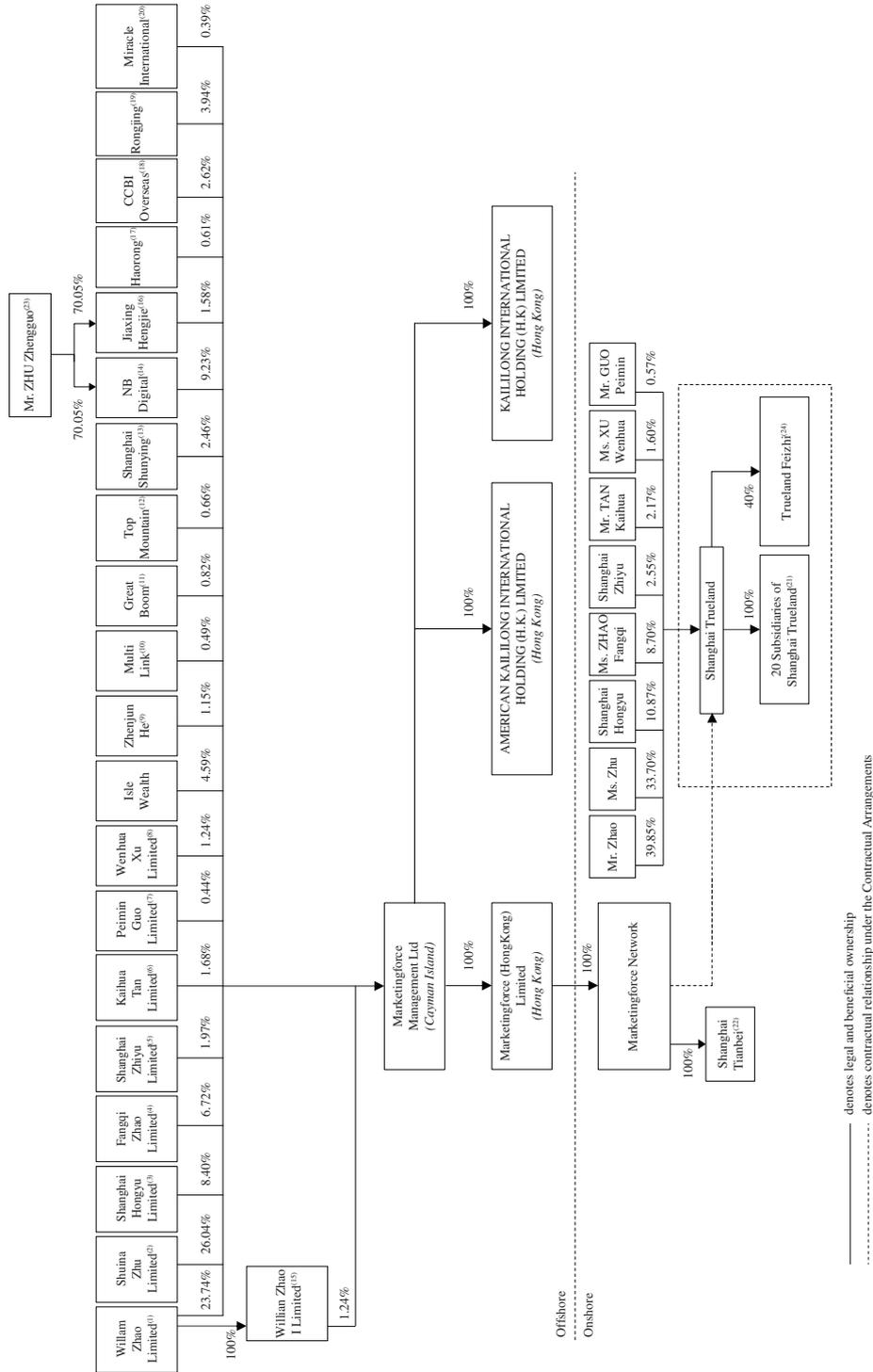
Taking into account our Shares held by the existing Shareholders and our Shares to be issued to other public shareholders pursuant to the [REDACTED], our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

# HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

## CORPORATE STRUCTURE

### Corporate structure after the Reorganization and before the [REDACTED]

The following chart sets forth the shareholding and beneficial ownership structure of our Group as of the Latest Practicable Date and immediately prior to the completion of the [REDACTED]:



\_\_\_\_\_ denotes legal and beneficial ownership  
 ..... denotes contractual relationship under the Contractual Arrangements

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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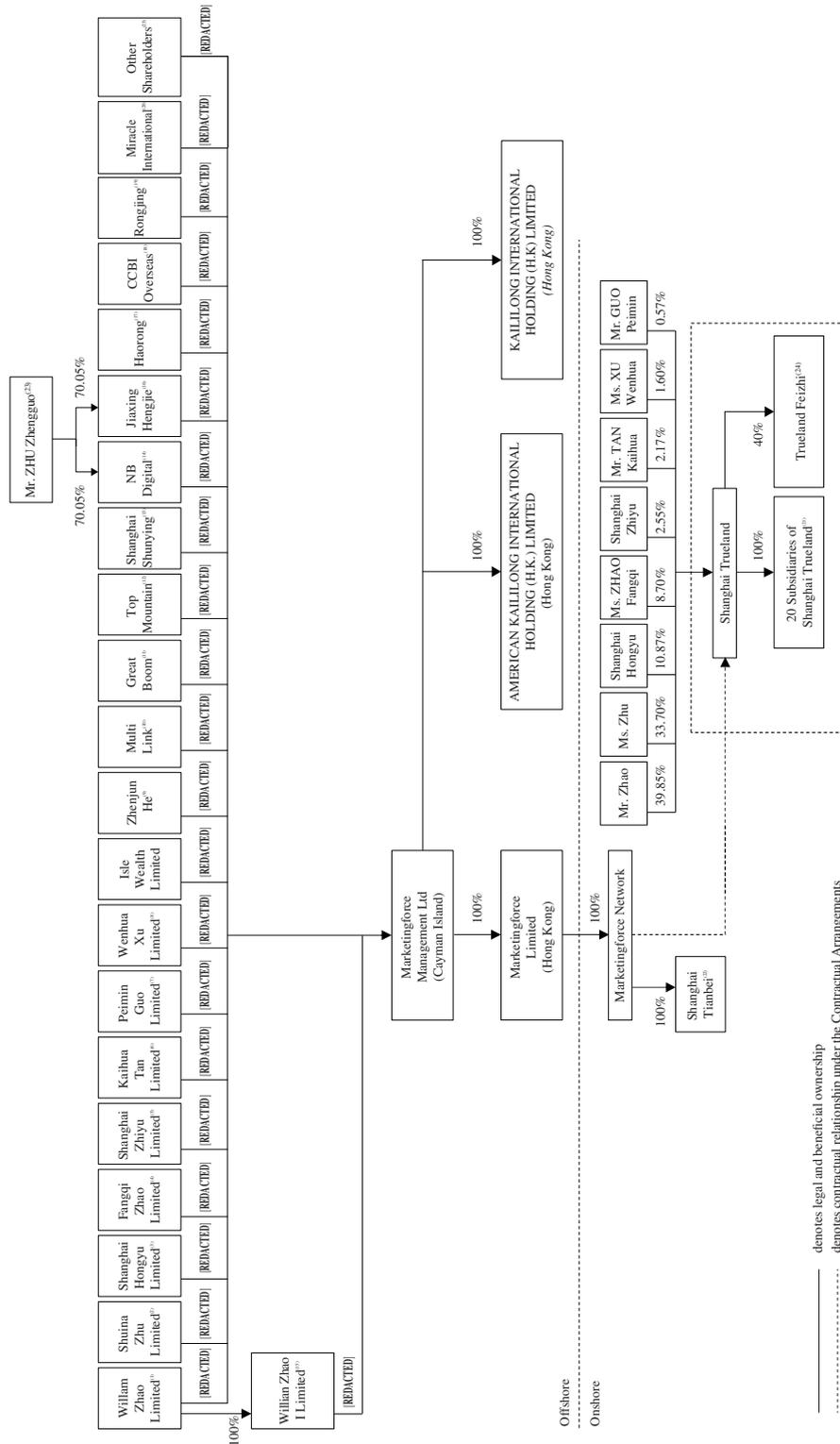
*Notes:*

For notes (1) to (24), see “– Corporate structure immediately following the [REDACTED]” in this section below.

# HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

## Corporate structure immediately following the [REDACTED]

The following chart sets forth the shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised:



## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

*Notes:*

1. Willam Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Mr. Zhao as at the Latest Practicable Date. For family wealth management and estate planning purpose, Mr. Zhao and Ms. Zhu propose to transfer their respective interest in the Company through Willam Zhao Limited and Shuina Zhu Limited to BVI-incorporated holding vehicles for the benefit of a family trust with Mr. Zhao as the settlor, Ms. Zhu as the protector and Willam Zhao Limited and Shuina Zhu Limited as beneficiaries. The Core Trust Company Limited acts as trustee and control such BVI-incorporated holding vehicles for the above-mentioned family trust of Mr. Zhao and Ms. Zhu. The establishment of the aforementioned trust will be completed before the [REDACTED].
2. Shuina Zhu Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. Zhu as at the Latest Practicable Date.
3. Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group, all being the beneficial owners of the shares of Shanghai Hongyu Limited, as to 39.41% and 60.59%, respectively. Save for Mr. XU Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited as at the Latest Practicable Date. Shanghai Hongyu Limited proposes to transfer all Shares in the Company held by it to a BVI-incorporated holding vehicle for the benefit of a trust with Shanghai Hongyu Limited as the settlor and beneficiary. Such holding vehicle is controlled by The Core Trust Company Limited as trustee for 99% interest, and Shanghai Hongyu Limited as settlor for 1% interest. The establishment of the aforementioned trust will be completed before the [REDACTED].
4. Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. ZHAO Fangqi as at the Latest Practicable Date. For wealth management and estate planning purpose, Ms. ZHAO Fangqi proposes to transfer all Shares in the Company held by her through Fangqi Zhao Limited to a BVI-incorporated holding vehicle for the benefit of the trust with Ms. ZHAO Fangqi as the settlor and Fangqi Zhao Limited as beneficiary. Such BVI-incorporated holding vehicle is controlled by The Core Trust Company Limited as trustee for 99% interest, and Ms. ZHAO Fangqi as settlor for 1% interest through Fangqi Zhao Limited. The establishment of the aforementioned trust will be completed before the [REDACTED].
5. Shanghai Zhiyu Limited, a company incorporated on February 9, 2021 in BVI, is primarily engaged in equity investment and was owned by SUN Yongchao, BI Kefa and the other 4 individual shareholders as to 2.68%, 71.71% and 25.61%, respectively, all of whom are PRC citizens and Independent Third Parties as at the Latest Practicable Date. Shanghai Zhiyu Limited proposes to transfer all Shares in the Company held by it to a BVI-incorporated holding vehicle for the benefit of a trust with Shanghai Zhiyu Limited as the settlor and beneficiary. Such holding vehicle is controlled by The Core Trust Company Limited as trustee for 99% interest, and Shanghai Zhiyu Limited as settlor for 1% interest. The establishment of the aforementioned trust will be completed before the [REDACTED].
6. Kaihua Tan Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. TAN Kaihua, a PRC citizen and Independent Third Party as at the Latest Practicable Date. For wealth management and estate planning purpose, Mr. TAN Kaihua proposes to transfer all Shares in the Company held by him through Kaihua Tan Limited to a BVI-incorporated holding vehicle for the benefit of the trust with Mr. TAN Kaihua as the settlor and Kaihua Tan Limited as beneficiary. Such BVI-incorporated holding vehicle is controlled by The Core Trust Company Limited as trustee for 99% interest, and Mr. TAN Kaihua as settlor for 1% interest. The establishment of the aforementioned trust will be completed before the [REDACTED].
7. Peimin Guo Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. GUO Peimin, a PRC citizen and Independent Third Party as at the Latest Practicable Date.

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

8. Wenhua Xu Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Ms. XU Wenhua, a PRC citizen and Independent Third Party as at the Latest Practicable Date.
9. Zhenjun He, an Australian citizen and a private investor primarily engaged in equity investment, was an Independent Third Party as at the Latest Practicable Date.
10. Multi Link is a limited company incorporated on July 29, 2013 in BVI. It is primarily engaged in investment and wholly owned by Wu Yi (吳毅), an Independent Third Party. Multi Link was an Independent Third Party as at the Latest Practicable Date.
11. Great Boom is an investment vehicle incorporated on January 11, 2013 in the BVI. Its sole director Mr. YU Yusheng engages in property development in China and Australia and has over 20 years of extensive experience in both property development and financial investment, and was an Independent Third Party as at the Latest Practicable Date.
12. Top Mountain is a limited partnership incorporated on March 29, 2021 in BVI. It is primarily engaged in enterprise investment and held by TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. and YANG Xiaoning (楊小寧) as the general partners and eight Independent Third Parties as limited partners as to 12.5%, 7.5% and 80%, respectively, none of which holds more than 30% equity interest in Top Mountain. TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. is wholly owned by an Independent Third Party, namely, ZHANG Mingyi (張明義), YANG Xiaoning and the eight limited partners of Top Mountain are Independent Third Parties. Top Mountain was an Independent Third Party as at the Latest Practicable Date.
13. Shanghai Shunying is a limited partnership formed on August 3, 2018 in the PRC held by Hangzhou Shengpan as the general partner and Hangzhou Charm as a limited partner as to 0.005% and 99.995%, respectively. Hangzhou Charm is a limited partnership formed on April 15, 2016 in the PRC held by Hangzhou Shengpan as the general partner and the other 42 Independent Third Parties as limited partners. Each of such 42 limited partners held less than 10% of equity interest in Hangzhou Charm. Hangzhou Shengpan is held by YANG Yan and XIAO Lei as to 50% and 50%, respectively, both of whom are Independent Third Parties. Hangzhou Charm is also a private fund with Morgan Stanley (China) Private Equity Investment Management Co., Ltd. (摩根士丹利(中國)股權投資管理有限公司) acting as its private fund manager.
14. NB Digital is an exempted limited partnership incorporated on January 11, 2021 in the Cayman Islands. It is primarily engaged in enterprise investment and owned by NBC as the general partner and other Independent Third Parties as the limited partners. Save for one limited partner, PORTERFIELD VENTURES S.A., a company incorporated in BVI which is wholly owned by an individual who is an Independent Third Party, none of the limited partners held more than 30% interest in NB Digital as at the Latest Practicable Date. NBC is ultimately controlled by Mr. ZHU Zhengguo (朱正國), a Shareholder holding approximately [REDACTED]% equity interest in the Company immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised.
15. Willian Zhao I Limited is a company incorporated on May 7, 2021 in BVI and was wholly owned by Mr. Zhao through Willam Zhao Limited as at the Latest Practicable Date.
16. Jiaxing Hengjie is a limited partnership incorporated in the PRC on June 22, 2020. It is primarily engaged in equity investment and managed and controlled by Tianjin Hongdao North Beta being the general partner as to 5.70% interest. The remaining interest in Jiaxing Hengjie is held by 16 limited partners. Save for Mr. HUANG Shaodong, our non-executive Director, who holds approximately 13.39% interest in Jiaxing Hengjie as a limited partner, each of the remaining limited partners is an Independent Third Party. Tianjin Hongdao North Beta is a wholly owned subsidiary of Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司), which is in turn controlled by Mr. ZHU Zhengguo (朱正國), a Shareholder holding approximately [REDACTED]% equity interest in the Company immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised.

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

17. Haorong is a company incorporated on July 6, 2021 in the BVI and a wholly-owned subsidiary of Shanghai Haorong. Shanghai Haorong is a limited partnership established on July 1, 2021 in the PRC. It is primarily engaged in enterprise management and consultation and was owned by Shanghai Yitu as the general partner and Shanghai Kuyu as the limited partner as to 1% and 99%. Shanghai Yitu is a limited company held by three Independent Third Parties, namely LI Ang (李昂), XIAO Yubiao (肖宇彪) and LI Zhengyuan (李征媛) as to 46%, 44% and 10%. Shanghai Kuyu is owned by three Independent Third Parties, namely LI Zhengyuan (李征媛), DONG Meng (董萌) and Shanghai Yitu as to 98%, 1% and 1%, respectively.
18. CCBI Overseas is a limited liability company incorporated in Hong Kong. It is a direct wholly-owned subsidiary of CCBI. CCBI is a financial and investment services company which is indirectly wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939). CCBI is the sole shareholder of CCB International Capital Limited, one of our Joint Sponsors.
19. Rongjing is a company incorporated on July 9, 2021 in BVI. It is primarily engaged in equity investment and was wholly owned by Shark Entertainment Limited (飛鯊娛樂有限公司) as at the Latest Practicable Date. Shark Entertainment Limited is wholly owned by an Independent Third Party, namely Chen Chi (陳馳).
20. Miracle International is a company incorporated on March 15, 2021 in Hong Kong. It is primarily engaged in equity investment and was wholly owned by an Independent Third Party, namely Fu Gang (付剛), as at the Latest Practicable Date.
21. There are 20 subsidiaries of Shanghai Trueland, details of 20 of which are set out in “Contractual Arrangements” in this document.
22. Shanghai Tianbei was established as a special purpose company and has no principal business in operation.
23. NB Digital and Jiaxing Hengjie are ultimately controlled by Mr. ZHU Zhengguo through Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司, “Beijing Lianchuang”). Mr. HUANG Shaodong, one of our Directors, is deemed to have a 29.96% interest in Beijing Lianchuang as at the Latest Practicable Date.
24. Trueland Feizhi Enterprise Consulting (Shanghai) Co., Ltd. (珍島飛智企業諮詢(上海)有限公司) is a company established in the PRC on February 2, 2024. As at the Latest Practicable Date, the remaining 60% shares of Trueland Feizhi Corporate Consulting (Shanghai) Co., Ltd. was held by Shanghai Dekun Tianyu Management Consulting Partnership Enterprise (Limited Partnership) (上海德焜天昱管理諮詢合夥企業(有限合夥)) and Shanghai Depu Investment Consulting Co., Ltd. (上海德璞投資諮詢有限公司) as to 30% and 30%. Shanghai Dekun Tianyu Management Consulting Partnership Enterprise (Limited Partnership) is held by Ms. GAN Lu (甘露), Mr. WANG Tianze (王天澤) and Mr. ZHOU Quan (周泉) as to 50%, 30%, 20%, all being the Independent Third Parties. Shanghai Depu Investment Consulting Co., Ltd. is wholly owned by Ms. GAN Lu.
25. Other Shareholders are primarily the Shareholders subscribing for the **[REDACTED]**.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that (i) the establishment of our subsidiaries in the PRC have complied with the relevant laws and regulations; (ii) all necessary approvals, permits and licenses required under the PRC laws and regulations in connection with the Reorganization have been obtained by our subsidiaries in the PRC, or there was no material legal impediment to obtain such approvals; and (iii) the Reorganization has complied with all applicable PRC laws and regulations.

### SAFE REGISTRATION

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知, “**Circular 37**”), promulgated by SAFE and which became effective on July 4, 2014:

- (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and
- (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知, “**Circular 13**”), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisor, Mr. Zhao and Ms. Zhu, both PRC residents, have completed their initial foreign exchange registration of overseas investments as required under the Circular 37 on April 15, 2021.

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### M&A RULES

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, SAIC, CSRC and SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (the "**M&A Rules**"), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor shall comply with M&A Rules when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the "**Regulated Activities**"). The M&A rules, among other things, purport to require that the offshore special purpose vehicle that is controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies of the aforementioned PRC companies or individuals using shares of such special purpose vehicle or shares held by its shareholders as a consideration to obtain CSRC approval prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Given that (1) the CSRC currently has not issued any definitive rule or interpretation concerning whether the listing like ours are subject to the M&A Rules; (2) the WFOE was not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules; and (3) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules, as advised by our PRC Legal Advisor, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC approval for the [REDACTED] is not required. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and new rules or regulations promulgated in the future may impose additional requirement on us.

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### OUR MISSION

Our mission is to become the best partner for enterprises globally in digital and intelligent transformation.

### OVERVIEW

We are the largest marketing and sales SaaS solution provider in China in terms of revenue in 2022 with a market share of 2.6%, according to Frost & Sullivan. We deliver marketing and sales SaaS solutions through our Marketingforce platform to serve enterprises of any size with a variety of needs, from content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, to strategy and management. Our precision marketing services also provide one-stop, cross-media online marketing solutions to advertising customers to help them precisely and effectively reach target audiences on leading media platforms. We serve a diverse base of advertising customers across a variety of industries. Leveraging our understanding of their business and marketing demands, we formulate and execute customized marketing plans for them covering designing, launching, monitoring and optimizing their advertisement campaigns.

The modern marketing and sales value chain is full of challenges, given its extensiveness and complexity and enterprises’ lack of relevant experience. Enterprises find it difficult to generate marketing content in large amounts, formulate marketing strategies, promote leads conversion and perform ongoing customer management, which has been further complicated by massive amounts of use cases on a variety of marketing channels. Embedded with intelligent technologies and marketing strategies, marketing and sales SaaS products have quickly become popular in China as they manage to enhance operation efficiencies of enterprises through digitalizing and automating execution of critical tasks. Offered in a modular and scalable method, marketing and sales SaaS products cater to the preference among enterprises for more flexible subscription models. China’s marketing and sales SaaS solution market has been developing rapidly along with the acceleration of digital transformation among Chinese companies. According to Frost & Sullivan, the size of China’s marketing and sales SaaS solution market has reached RMB20.6 billion in 2022 and is expected to further grow to RMB74.5 billion in 2027 at a CAGR of approximately 29.3%.

Adhering to the customer-centric principle, we currently offer marketing and sales SaaS products and precision marketing services to address the evolving needs of Chinese enterprises. Being one of the first movers to promote marketing and sales SaaS products in China, we have been dedicated to designing and constructing our Marketingforce platform, which represent our comprehensive capabilities to deliver holistic marketing and sales SaaS solutions to customers. Our SaaS products delivered through Marketingforce platform are more than standardized cloud-based services, but also the latest marketing strategies, practical marketing methodologies and industry know-how to empower enterprises’ entire marketing and sales process. Enabled by cloud computing, big data analysis and AI technologies, our SaaS products help enterprises conduct effective and efficient marketing and sales management for different use cases. We currently offer 237 functional modules through Marketingforce platform to

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address enterprises’ various concerns in relation to marketing and sales. Based on the common characteristics of specific groups of customers, we design and structure signature SaaS products, such as T Cloud and True Client, by assembling functional modules selected from these modules to more effectively address the pain points shared by such groups of customers.

Leveraging our marketing experiences accumulated for over a decade, we also provide advertising customers with precision marketing services to help them effectively place advertisements primarily on top media platforms in China. Our online advertisement solution services primarily consist of advertising campaign planning, advertising content production, ongoing monitoring and real-time optimization, through which enterprises would improve their marketing results and conversion rate.

We believe that innovation and technology are key to our success. We have been dedicated to proprietary technology development and have formed a mature and comprehensive R&D system, underpinned by our Shanghai-Wuhan dual R&D center deployment. As of December 31, 2023, our R&D team consisted of 461 staff focusing on areas such as cloud computing, big data analytics and AI, reinforcing the technology foundation for Marketingforce platform. Our cloud computing technology architecture, highlighted by advanced distributed storage and scalable data processing capabilities, ensures that the three layers of Marketingforce platform work in a collaborative way to deliver optimal results. Our big data analytical engine, applying our self-developed algorithms, helps enterprises improve and inform their marketing decisions and sales management. We have been focused on researching AI technologies and applying them in our SaaS products to empower enterprises’ entire marketing and sales process. For example, the AI content generation feature of our SaaS products, using NLP, machine learning and data intelligence technologies, helps enterprises overcome difficulties in mass production of quality content. We won the Second Prize for National Science and Technology Progress Award, and the First Prize for Shanghai Science and Technology Progress Award. We have been certified as a National High-Tech Enterprise and enjoy favorable tax treatment. Further, we are recognized as the National Model Academician and Expert Workstation by the Chinese Association for Science and Technology.

For over ten years, we have been committed to building an efficient sales network and mechanism to achieve effective customer coverage and sustainable growth. At the core of our sales system is our direct sales team, which is dedicated to upholding our customer-centric tenet through relentlessly exploring and addressing the needs of our customers. To fulfill our goal of being our customers’ lifelong partner, we have formed a customer success team that is designed to help our customers maximize the benefits from using our SaaS products. We seek to maintain mutually beneficial relationships with customers and have gained the trust of numerous customers across the full spectrum of industries, presenting us with further cross-selling and up-selling opportunities. In 2021, 2022 and 2023, the number of users of our SaaS business amounted to 24,127, 23,647 and 25,495, respectively; during the same years, for our SaaS business, the average contract value per user was RMB45,026, RMB41,584 and RMB51,238, respectively. We have also built a diversified customer base for precision marketing service business, with a proven track record for serving leading enterprises with a

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strong willingness to pay. In 2021, 2022 and 2023, we served 845, 998 and 1,042 advertising customers, respectively, with average spending per advertising customer being RMB5.5 million, RMB5.9 million and RMB6.1 million, respectively.

We experienced rapid growth during the Track Record Period. Our revenue increased from RMB877.2 million in 2021 to RMB1,142.8 million in 2022 and further to RMB1,232.1 million in 2023. During the Track Record Period, we have achieved a strong development in the SaaS business, with its revenue increasing from RMB438.6 million in 2021 to RMB529.9 million in 2022 and further increased to RMB702.4 million in 2023, at a CAGR of 26.5%. In 2021, 2022 and 2023, the gross margins of our SaaS business were 90.1%, 89.2% and 87.7%, respectively. In 2021, 2022 and 2023, our revenue from precision marketing service business were RMB438.6 million, RMB612.9 million and RMB529.7 million.

### OUR STRENGTHS

We believe the following competitive advantages have contributed to our success and will drive our growth in the future:

#### **A leading marketing and sales SaaS solution provider in China with strong growth momentum**

We are the largest marketing and sales SaaS solution provider in China in terms of revenue in 2022, according to Frost & Sullivan. Being one of the first movers in China’s marketing and sales solution market, we have devoted ourselves to the development and promotion of intelligent marketing solutions and advanced marketing science. We strive to remain sensitive to the evolvement of enterprises’ needs and to help them adapt to fast-changing marketing and sales practices. In 2013, we commenced designing and construction of our Marketingforce platform, the starting point of our journey to offer all-in-one marketing and sales solutions to Chinese enterprises. With customer-centric principles engraved deeply in our mindset, we continue enriching and enhancing product offerings through developing new functions, researching and applying the latest technologies and improving user experience. Today, we offer all-in-one marketing and sales SaaS products through Marketingforce platform and provide precision marketing services to help enterprises achieve marketing goals and sales growth more effectively and efficiently.

According to Frost & Sullivan, the scale of China’s marketing and sales SaaS solution market reached approximately RMB20.6 billion in 2022 and is expected to reach approximately RMB74.5 billion in 2027 at a CAGR of 29.3%. Compared to the United States, where the average annual spending per company on marketing and sales SaaS is approximately US\$1,500 in 2022, China’s marketing and sales SaaS solution market is still at an early stage of development with an annual average spending less than US\$150, demonstrating significant growth potential in China’s market in the future. Being a first mover and leading player in the marketing and sales SaaS solution market in China, we are in a unique and favorable position to explore and capitalize on the rapid development of the industry, as evidenced by the proven

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track record of our SaaS business. During the Track Record Period, our SaaS business experienced strong development, with its revenue increasing from RMB438.6 million in 2021 to RMB529.9 million in 2022 and further increased to RMB702.4 million in 2023, at a CAGR of 26.5%.

### **Powerful Marketingforce platform delivering all-in-one, end-to-end SaaS products to address a variety of needs for different use cases**

Technology development and marketing methodology evolution have led to the rise of various new needs of enterprises for customer acquisition and sales growth. The breadth and depth of today's marketing and sales ecosystem means that enterprises can no longer rely on previous strategies and expertise. It is becoming more challenging to timely formulate marketing strategies and tactics given the complicated use cases arising from emerging channels. More importantly, without all-in-one solutions, users have to frequently switch between applications provided by different vendors and deal with fragmented information, without obtaining the full picture of the entire marketing and sales process. Instead of blindly purchasing internet traffic, enterprises tend to focus more on the effectiveness and efficiency of marketing and sales.

To pursue the goal of addressing all those needs, we have created the Marketingforce platform, which we believe has set us apart from all other marketing and sales SaaS solution providers. By seamlessly integrating our technology achievements, marketing methodologies and practical experience into one platform, Marketingforce platform represents our capabilities to deliver comprehensive marketing and sales solutions to customers. Our superior technology capabilities, highlighted by computing cloud, big data analytics and AI, make it possible for structuring the Marketingforce platform as a multi-layer architecture, with the technology infrastructure, data middle platform and SaaS products integrating closely with each other. The Marketingforce platform has absorbed our latest marketing methodologies, as we design, develop and structure our offerings in a way to match our marketing and sale process. As of December 31, 2023, we offered a comprehensive SaaS functional module matrix, including 237 functional modules that cover the entire lifecycle for marketing and sales, including content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management. Our flexible subscription model allows users to freely purchase standalone modules or several of them as a package, which encourages companies to purchase our services as needed without committing a significant upfront procurement cost. Through a uniform account, users can conveniently, monitor, manage and operate all functional modules, with features that facilitate data integration and analysis, to turn statistics into meaningful insights.

Based on the common needs of specific customer groups, we have designed and launched SaaS products containing pre-configured functional modules selected by us from our functional module matrix to form suitable marketing methodologies, underscored by our signature marketing SaaS product, T Cloud, and sales SaaS product, True Client. Targeting B2B enterprises' marketing demands, T Cloud delivers intelligent inbound marketing methodologies to help customers to realize effective leads generation and conversion. True

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Client enables enterprises to achieve efficient and comprehensive sales force management and customer operation. Our SaaS products have intuitive user interfaces supporting low-code or no-code operations, allowing marketing staff without IT background to quickly adapt to the features and functions. Users of T Cloud and True Client may freely customize their subscribed version by tailoring the combination of or adding additional functional modules. As a result, our all-in-one SaaS products manage to serve enterprises throughout business life cycles with varying needs, arising from the growing demand for marketing and sales resources, expanded operational scales, complicated business models and fierce commercial competitions. By providing uniform experience in a scalable manner, we have distinguished ourselves with superior ability to exploit customer value. The average contract value per user for our SaaS business amounted to RMB45,026, RMB41,584 and RMB51,238 in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, the number of users contributing contract value of over RMB100,000 was 1,307, 1,379 and 2,006, respectively, with an average contract value per user of RMB0.33 million, RMB0.28 million and RMB0.30 million for the relevant years.

### **Strong R&D capability and leading proprietary technologies**

Our industry-leading position is attributable to our dedication to continually develop new technologies and products. We believe that strong in-house R&D capability is the source of innovation, and we have formed a well-established R&D system, underpinned by our Shanghai-Wuhan dual R&D center deployment. As of December 31, 2023, we had an R&D team of 461 staff, accounting for 23.9% of our total employees. We had been committed to investing in R&D during the Track Record Period, with our R&D expenses amounting to RMB160.6 million in 2021, RMB224.6 million in 2022 and RMB210.0 million in 2023.

We have built an integrated cloud computing architecture to support product development, operation and maintenance. Our multi-tiered technology infrastructure comprises the underlying cloud computing and fundamental data layer, data middle platform, and a SaaS functional module matrix. Our proprietary cloud computing technologies provide scalable computing capacity and data security to ensure the effectiveness of the functionality of Marketingforce platform and the performance of our products. The data middle platform serves as a centralized database that enables data synchronization and integration across functional modules built thereupon, allowing users a full picture of their businesses. It also contains several basic modules, which significantly improves our development efficiency and reduces configuration costs.

We believe that the valuable marketing data and industry know-how which we have gained over the years have set us apart from our competitors. By processing and analyzing such data through our Marketingforce platform, we help users improve decisions, optimize strategies, and enhance effectiveness through knowledge graph building and target customer profiling. In addition, leveraging our big data analytics, Marketingforce platform is undergoing constant reinforcement process as it is able to optimize its algorithms based on marketing effects and sales performance, which would further enhance product functions, and ultimately create a flywheel effect.

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We continue to invest in the research and development of AI technologies, such as NLP, machine learning, image technology, video technology, and data intelligence, to continually enhance our SaaS products to better address our customers' needs. Our proprietary AI technologies are applied in our SaaS product to significantly improve the operational efficiency and effectiveness throughout the entire customer acquisition process, from AI content generation, marketing strategy optimization, automatic execution of intelligent marketing strategies to smart customer management, with the aim to ultimately achieve marketing and sales growth automation. We take pride in our AI content generation function, which is able to generate and distribute a large volume of quality marketing creatives on a daily basis; and, with the rise of short video platforms, we have further upgraded it to include an intelligent video production function to facilitate our customers' adoption of the latest marketing developments.

We won the Second Prize for National Science and Technology Progress Award, and the First Prize for Shanghai Science and Technology Progress Award. We have been certified as a National High-Tech Enterprise and enjoy favorable tax treatment. Further, we are recognized as a National Model Academician and Expert Workstation by the Chinese Association for Science and Technology.

### **A broad and diversified customer base with huge growth potential**

Our all-in-one marketing and sales SaaS products and precision marketing services help enterprises achieve effective business and sales expansion and long-term development. We value stable, cooperative relationships with customers, and have accumulated extensive customer resources over a decade. Instead of relying on any particular industry, our profound cross-industry insight, obtained from years of operations, and outstanding R&D capability, make us appealing to companies across a broad spectrum of industries, including, without limitation, manufacturing, IT, enterprise services, automobile, retail and home improvement. We have experienced a growth in the number of users for our SaaS business, from 24,127 in 2021 to 25,495 in 2023. During the Track Record Period, we provided precision marketing services, with a focus on quality customers with a high willingness to pay for professional marketing services. By serving such an extensive range of customers with diversified business backgrounds, we are able to collect valuable feedback and obtain first-hand knowledge of customer needs, facilitating our improvement of our product and service quality. More importantly, the valuable industry know-how and marketing experience that we have accumulated over the past ten years allows us to acquire more customers in the same or similar industries and enable them to operate more effectively.

Given our extensive marketing and sales network, as well as our rising brand awareness, we are in a unique position to explore the great potential of China's market. As our customer base grows larger, we believe our successful penetration in one industry or city can be replicated in another. According to Frost & Sullivan, the total number of enterprises in China has reached approximately 52.8 million in 2022 and is expected to reach approximately 72.1 million in 2027. As the marketing landscapes and scenarios are becoming increasingly complicated, a growing number of enterprises seek to adopt intelligent marketing and sales solutions that might help them more effectively acquire and manage potential customers at a lower cost. Rooted in the Chinese market, we strive to grow with Chinese companies, and continually improve and enhance our offerings to address their evolving needs.

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### **Extensive sales network and comprehensive customer success system prioritizing customer experience**

We maintain an extensive and efficient sales network to reach potential customers. After several years of effort, we have formed a competitive direct sales team dedicated to offering a premium service to customers. Our direct sales staff not only sell products and services, but also our capabilities and commitment to our customer relationships. As of December 31, 2023, our direct sales team consisted of 844 members. We have also launched the “Trueland Starlight Training Program (珍島星光培訓計劃)” to provide regular, comprehensive training for our direct sales team to strengthen their professional sales and marketing skills. To keep abreast of customers’ needs and react quickly to their requests, we have direct sales offices in 23 cities to pursue and serve local customers.

We define success as helping our customers to achieve their goals. Our customer success department is devoted to supporting users in their use of products and helping our product team optimize functions and features based on user feedback. With a presence in 15 cities, our customer success team is responsible for pre-consultation, demand insight and after-sales follow-ups, with the aim of ensuring customers obtain the most benefit from our products. Outstanding user experience encourages customers to renew or purchase additional services from us. By proactively approaching customers, our customer success team understands their demands and feedback, providing us with insights for product development. Through close communications with customers, we have also reinforced our brand image in their minds and increased customer loyalty.

### **A visionary management team with outstanding execution capability**

We have an experienced and stable management team. Our founder, Mr. ZHAO Xulong, is highly reputed for his advanced insights into the marketing and sales industry in China. He is dedicated to the research and promotion of marketing science, intelligent marketing methodologies and marketing technologies to help Chinese enterprises achieve digital transformation. His book “Intelligent Marketing – Marketing Revolution in the Digital Ecology,” published in 2015, was the first professional book on intelligent marketing in China, which had a profound impact on the industry. Mr. Zhao published his second monograph in 2020, “Quasi-Free Customer Acquisition – Intelligent Marketing Brings Customer Acquisition Costs Close to Zero.” This book enjoys a high reputation in the intelligent marketing industry and is widely recognized in both academic and business communities. Mr. Zhao has led us to being known for our expertise in combining technologies, marketing science and practical experience.

Our senior management has extensive experience in the marketing and software development industries. A majority of our senior management members have been with our Company for more than ten years, contributing to the stability and continuity of our management. Our management team consists of a group of passionate professionals who enable us to stay ahead of the evolution of the marketing and sales SaaS solution industry, lead advances in marketing technology, and pioneer the development of all-in-one, end-to-end marketing and sales SaaS products.

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We always adhere to our customer-centric values, pursue long-termism, and believe in the power of teamwork. We are committed to providing our customers with the most competitive and cost-effective products and services and continually creating value for them. We have been actively introducing young talents, whose diversified backgrounds, energy and ideas fuel our future growth. By offering them a transparent promotion scheme, we encourage young employees to take on more responsibilities. We also incentivize employees by giving them the benefits of rapid development, highlighted by our RSU Scheme that has covered a number of core employees who we see as the foundation of our future success. See “Appendix IV – Statutory and General Information – F. RSU Scheme” for further details.

### OUR STRATEGIES

We plan to focus on the following key strategies to achieve our mission and further consolidate our market leadership:

#### **Further consolidate our market leadership in marketing and sales SaaS solution market**

We plan to further consolidate our leading position in China’s marketing and sales SaaS solution market to explore the possibilities and capture opportunities in this fast-growing market. Through continual investment in R&D activities and product development, we aim to stay at the frontier of the marketing and sales SaaS industry. By leveraging our extensive and robust sales network, we intend to further expand our customer base and capture more market share. Based on our experience of developing and promoting T Cloud and True Client, by discovering emerging opportunities related to other major pain points of companies, we plan to launch more signature SaaS products to enlarge our influence among customers. Along with the rapid development of China’s marketing and sales SaaS solution market, we hope to expand the business scale of our SaaS business, which would be a key driver of future growth.

#### **Continue to enhance Marketingforce platform and raise the overall competitiveness of SaaS products**

We plan to continue to invest in the improvement of the Marketingforce platform and build it as the go-to place for enterprises where their needs at all levels can be properly addressed. In addition to investing in core technologies to enhance the performance of the Marketingforce platform, we also perform regular reviews of its structure and product logic to ensure it adapts to marketing trends.

We will devote more resources to the continual enrichment of our SaaS functional module matrix to retain its attractiveness to enterprises. As the marketing industry transforms significantly over time, our SaaS products need frequent upgrades and improvement to stay competitive in the marketing and sales SaaS solution market. We plan to communicate with customers closely to understand their latest thoughts and address their concerns in a timely manner. In the meantime, our extensive sales network would maintain efficient operations to discover opportunities arising from the growing marketing demands of fast-growing industries and enrich our all-in-one SaaS products with additional functions and relevant industry elements. More importantly, by leveraging our experience in developing T Cloud and True Client, we expect to design and promote more SaaS products targeted at other demands of specific customer groups.

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### **Continual investment in strengthening our R&D capabilities and maintaining technology edge**

We will continue to invest in strengthening our in-house R&D capability by recruiting more young talent with excellent academic backgrounds and research and development experience. We also plan to continually invest in the field of AI and big data technologies, such as NLP, image technology, video technology and data intelligence, to strengthen our technical advantages. Given the increasing popularity of short video media platforms, we will strategically prioritize the development and improvement of AI content generation technologies, which are expected to be a key feature of our intelligent marketing products. We will also focus on applying our R&D achievements to enhance the performance of our SaaS products, bringing customers a better user experience. We plan to further develop our big data analysis engine by optimizing its algorithm and improving its operational efficiency. We shall also develop and open the PaaS capabilities of our data middle platform to external developers and customers, who can develop and operate their own applications, to eventually form a robust marketing ecology providing value propositions to key participants along the marketing value chain.

We expect to continue to expand our offerings of functional modules powered by AI technologies to satisfy the evolving marketing and sales needs of enterprises. Leveraging our big data and AI technologies, we plan to continually optimize and iterate our intelligent marketing and sales SaaS product functional modules to meet the integrated marketing and sales needs along the entire value chain, and to improve efficiency in each step of precision marketing as well as the overall product experience.

### **Continually explore customer value and expand customer base**

Being customer focused, we aim to serve customers throughout the user life cycle by addressing a variety of their needs. We will further expand our customer success team to maintain stable and long-term relationships with customers. Through providing quality products and customer services, we intend to increase existing customers' expenditure with us to raise the revenue retention rate, which we believe is cost-effective in promoting revenue growth. We value the sustainable growth of our customers and endeavor to exploit opportunities from our existing extensive customer base by promoting cross-selling and up-selling opportunities.

We plan to further expand our sales network, especially the scale of our direct sales team, to more effectively reach potential customers. By closely following the development of fast-growing industry verticals, we intend to efficiently achieve higher penetration rates in those industries by leveraging our profound marketing experience and industry know-how. We also plan to leverage our brand awareness and product development experience to replicate our success in other industries.

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### Strategic acquisitions and investments

We intend to selectively pursue strategic acquisitions, investments and other alliances complementary to our growth strategies. When selecting investment and acquisition targets, we plan to focus on their complementarity and compatibility with our own business. We will prioritize acquisitions or investment opportunities related to companies offering compelling products, or possessing competitive technologies or valuable customer assets. We believe that our abundant industry experience will help us discover and effectively evaluate investment opportunities in a timely manner.

We also intend that the Marketingforce platform and the potential targets work collaboratively to better serve our customers and deliver products. We believe that the Marketingforce platform, being an advanced system featuring inclusiveness, could become even more powerful after absorbing the technologies, products and industry know-how of target companies.

### BUSINESS SUSTAINABILITY

We plan to achieve profitability by focusing on developing our SaaS business. As the marketing and sales SaaS market in China is at its early development stage and experiencing fast growth, we strategically prioritize expansion in business scale and market share growth instead of short-term profitability to capture the market opportunities in the rising market. We have achieved continuous revenue growth during the Track Record Period, from RMB877.2 million in 2021 to RMB1,142.8 million in 2022 and further to RMB1,232.1 million in 2023. Specifically, we experienced rapid growth with our SaaS business, with the revenue increasing from RMB438.6 million in 2021 to RMB529.9 million in 2022 and further to RMB702.4 million in 2023.

In the future, we plan to further enhance our financial performance by: (i) expanding our customer base, (ii) improving product performance and enrich product matrix to increase contract value per user, and (iii) effectively managing costs and expenses.

### Expanding Our Customer Base

During the Track Record Period, we were dedicated to expanding our customer base. In 2021, 2022 and 2023, we had 24,127, 23,647 and 25,495 users of SaaS business, respectively. The number of users of our SaaS business slightly decreased in 2022 as compared to 2021, which was primarily due to our reduced marketing activities and higher customer attrition resulting from the adverse impact of the COVID-19 pandemic. As the COVID-19 pandemic subsided, we have recovered from such impacts and continued business expansion, with the number of users of our SaaS business increasing to 25,495 in 2023, attributable to our efforts to launch new functional modules and enhance the effectiveness of existing ones to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network.

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To drive sustained revenue growth and profit, we plan to continue expanding our customer base through the implementation of marketing strategies. For example, we plan to further expand our sales network by expanding our sales team to reach a wider range of customers. Currently, we have direct sales teams in major cities in China, such as Shanghai, Wuxi, Shenzhen, Guangzhou and Chengdu, covering the Yangtze River Delta, the Pearl River Delta, southeast region and other regions with great economy development potentials. We plan to primarily enhance the sales force within the existing geographic scope, further improving the sales performance and customer coverage of each sales office. We also plan to enter into major cities in new geographical markets, such as Fuzhou, Nanchang or Chongqing, for our marketing and sales SaaS business. See “Future Plans And Use of [REDACTED]” for our detailed plan of direct sales network expansion. We also plan to improve the efficiency of customer acquisition by adopting big data technology to search for target customers more accurately and consequently to increase new customers. In addition, we plan to recruit more seasoned sales personnel with experience in relevant industries and offer more training to our sales personnel to enhance their professional skills, thereby acquiring top customers in various growing industries.

Along with the expansion of our customer base, the number of our existing customers is expected to increase, and we believe that a stable and extensive existing customer base will make further contribution to our revenue growth. In the meantime, according to Frost & Sullivan, as SaaS companies generally have relatively stable costs, for each newly acquired user, we would incur small incremental costs for providing services to such new user. Moreover, as we continue optimizing product performance and enriching product matrix, we expect to further explore cross-selling and up-selling opportunities from our extensive customer base, thus achieving higher average spending of our customers. Specifically, we plan to iterate the existing functional modules and develop more modules to meet the ever-changing and diversified marketing and sales needs of users and provide more support for marketing and sales activities. We expect to launch industry-based editions of marketing and sales SaaS products with selective modules that suit different industry-specific scenarios. We also expect to launch more signature SaaS products. For example, we plan to launch data analytics products that facilitate all key stages of user’s marketing and sales operations and guide their business decisions, with functions including data collection, data cleaning, data analysis, data label construction, data prediction and data-empowered decision making.

### **Continuously Optimize Product Performance and Enrich Product Matrix to Increase Lifetime Contract Value per User**

In 2021, 2022 and 2023, the average contract value per user of our SaaS business was RMB45,026, RMB41,584 and RMB51,238, respectively. The average contract value per user of SaaS business slightly decreased in 2022, which was mainly due to the disruptions in our operations and sales and marketing activities resulting from containing measures adopted in light of the resurgences of COVID-19 pandemic in 2022. We had an increase in the average contract value per user in 2023, as we further improved our product offerings and increased sales and marketing activities leveraging our established sales network.

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We plan to continue improving and optimizing product performance and enriching product matrix to retain more users and incentivize their spending, thus creating more customer value and driving continued revenue growth to achieve profitability. For example, we plan to enhance our Marketingforce platform and cloud-based offerings by recruiting and cultivating software developers, product managers and testers. We will also continue to enrich the functions of True Client and improve product performance, in order to increase the average contract value per user and enhance the competitiveness of our products. In addition, we plan to continue to improve our underlying technologies by recruiting and cultivating top-notch professionals and upgrade our hardware infrastructure, thus enriching product performance to attract more customers and create value.

### Effectively Managing Costs and Expenses

During the Track Record Period, we incurred substantial operating expenses, including selling and distribution expenses, administrative expenses and research and development expenses, mainly to scale up our SaaS business and enhance our brand recognition. In the near term to medium term, we will continue to invest in our R&D, product development, branding and marketing activities as well as sales network expansion. We intend to optimize our operating expenses by achieving economies of scale and improving sales efficiency and effectiveness.

The following table sets forth a summary of our operating expenses in absolute amounts and as a percentage of our revenue for the years presented:

	Year ended December 31,					
	2021		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
<i>(RMB in thousands, except percentages)</i>						
Selling and distribution expenses	284,158	32.4	314,995	27.6	326,798	26.5
Administrative expenses	172,032	19.6	188,931	16.5	203,892	16.5
Research and development expenses	160,588	18.3	224,621	19.7	210,037	17.0

Our selling and distribution expenses increased by 10.8% from RMB284.2 million in 2021 to RMB315.0 million in 2022, primarily due to the increase in employee benefit expenses, which was driven by our recruitment efforts, including raising the hiring standards and compensation levels to attract qualified talents to enhance our sales capabilities. Our selling and distribution expenses slightly increased to RMB326.8 million in 2023, mainly attributable to the increased promotion efforts along with the expansion of our SaaS business. See “Financial Information – Description of Major Components of Our Results of Operations – Selling and Distribution Expenses.” During the Track Record Period, our selling and distribution expenses were mainly related to the expansion of our SaaS business, which

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requires investments in on-ground marketing and promotion activities. We have been committed to building an efficient sales network for our SaaS business and mechanism to achieve effective customer coverage and sustainable growth. Benefiting from the expansion of our sales network and our investment in selling and distribution activities, we are able to expand our user base of our SaaS business and further increase customer value. In 2021, 2022 and 2023, the number of users of our SaaS business amounted to 24,127, 23,647 and 25,495, respectively; during the same years, for our SaaS business, the average contract value per user was RMB45,026, RMB41,584 and RMB51,238, respectively. The slight decreases in the number of users and average contract value per user in 2022 were mainly due to the resurgences of the COVID-19 pandemic, which resulted in the disruptions in our offline sales and marketing activities and the temporarily-reduced budgets of our users. We expect our selling and distribution expenses to grow alongside our business growth. Meanwhile, we plan to control the growth of selling and distribution expenses to ensure they grow in a cost-efficient way. To this end, we plan to enhance the efficacy and cost-efficiency of our sales and marketing efforts through (i) prudently monitoring the growth and necessity of expansion of our sales team; (ii) raising our hiring standards to recruit quality sales and marketing personnel; and (iii) benefiting increasingly from the network effect of our extensive customer base and the word-of-mouth referrals.

Our administrative expenses increased by 9.8% from RMB172.0 million in 2021 to RMB188.9 million in 2022. Such increases were primarily due to (i) the increase in employee benefit expenses resulting from the increased average compensation and the increase in the number of administrative staff, and (ii) the [REDACTED] expenses. Our administrative expenses remained relatively stable in 2023, amounting to RMB203.9 million. See “Financial Information – Description of Major Components of Our Results of Operations – Administrative Expenses.” During the Track Record Period, our administrative expenses were mainly related to our SaaS business. We expect our administrative expenses to grow alongside our business growth. Meanwhile, we plan to control the growth of our administrative expenses to ensure they grow in a cost-efficient way through (i) prudently monitoring the growth and the necessity of new administrative personnel; (ii) prudently implementing discretionary performance-based bonus to incentivize the working efficiency of the administrative personnel based on our business and financial performance and the performance of our administrative personnel; and (iii) closely monitoring our cost structure and enhancing the operational efficiency of administrative management.

Our research and development expenses increased by 39.9% from RMB160.6 million in 2021 to RMB224.6 million in 2022, primarily due to the increase in average compensation for our R&D personnel. Our research and development expenses decreased by 6.5% to RMB210.0 million in 2023, resulting from the decrease in the monthly average number of R&D personnel from 596 in 2022 to 511 in 2023, as we streamlined our R&D forces and outsourced certain ancillary R&D tasks to third-party technical service providers. Meanwhile, we focus on the in-house R&D activities on core technologies development, such as the development of system browser extensions that enhance the functionality of our products, which allows us to further upgrade functional modules for our SaaS products and enhance the data analytics capability of our Marketingforce platform. See “Financial Information – Description of Major Components

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of Our Results of Operations – Research and Development Expenses” and “Financial Information – Period-to-Period Comparison of Results of Operations.” During the Track Record Period, our research and development expenses were mainly related to our SaaS business to ensure our SaaS products to stay competitive, which further incentivizes users to increase their spending. The monthly average revenue per user increased from RMB1,515 in 2021 to RMB1,867 in 2022 and further increased to RMB2,296 in 2023. To maintain our strength in R&D capabilities, we expect our research and development expenses to grow along side our business growth. We plan to control the increase of our research and development expenses to ensure they grow in a cost-efficient way by (i) prudently monitoring the growth and necessity of new research and development staff; and (ii) outsourcing non-essential work to third-party service providers, thereby enhancing the cost-efficiency of our research and development activities.

Going forward, we expect to continuously evaluate and monitor the efficacy and efficiency of our operating expenses in a sustainable manner. We plan to increase operational efficiency to effectively manage the increase of costs and expenses by taking the following measures: (i) we will leverage our newly established second headquarters in Wuhan to recruit experienced staff more cost effectively, compared with those in first-tier cities; (ii) we plan to launch profit-oriented assessment and budget control initiatives by increasing the proportion of profitability in KPI to all business units, reducing the reimbursement standards and controlling the headcounts of mid and back desks; and (iii) we will continue to improve the digitalization level of the internal operation to improve management efficiency and save labor costs. We believe we would be able to benefit from economies of scale and our operating expenses would be gradually diluted by the expanding customer base and growing revenue. Taking into account (i) the growth of our business in general, and (ii) the sustainable gross margin and growing economies of scale and operating leverage, we believe that we are well-positioned to further improve our results of operations after the [REDACTED].

### OUR PRODUCT AND SERVICE OFFERINGS

We offer a variety of cloud-based marketing and sales products and solutions and precision marketing services to address enterprises’ needs of different types during marketing and sales process, helping users from various industries to acquire sales leads, improve conversion rate and grow sales at lower costs. Delivered through the Marketingforce platform, our SaaS products aim to serve as intelligent tools to help enterprises achieve digitalization of key steps of marketing activities, sales conversion and client management process. In parallel with our SaaS business, we also offer precision marketing services to advertising customers, including advertising campaign planning, content production, advertisement placement, real-time analysis, and ongoing optimization.

Our SaaS business and precision marketing services complement each other by focusing on resolving different concerns of enterprises during marketing and sales process. Our marketing and sales SaaS products primarily target at B2B enterprises with the intention to improve marketing and sales efficiency through digital means. Features of our marketing SaaS

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products enable them to efficiently distribute auto-generated marketing contents on free-of-charge media platforms or those charge low traffic costs, primarily including (i) short video platforms, (ii) social media platforms, (iii) long-tail B2B websites, and (iv) WeChat and WeCom, featuring private-traffic marketing. In addition, our sales SaaS products primarily help users better manage client resources, increase conversion rate and ultimately promote sales. As such, users primarily incur subscription fees to acquire the marketing and sales toolkits, through which they generate and distribute the marketing content by themselves using the functional modules in our SaaS products, and may optimize their marketing results on their own.

On the other hand, our precision marketing services comprise online advertisement solution and distribution services, both of which primarily focus on helping B2C enterprises to acquire more consumers, increase online exposure of products or services and enhance branding awareness. To enable our advertising customers to achieve a broader reach of their potential customers, we primarily procure commercial traffic from leading online media platforms, and offer effective advertising placement and ongoing adjustment services on these media platforms to leverage their huge audience base. Those leading media platforms typically charge relatively high traffic procurement costs. The marketing results on these platforms primarily rely on our ability to utilize the algorithm of media platforms and achieve high conversion rate.

The following table sets forth a summary of the different marketing services we provide:

	<b>Marketing SaaS</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Service scope</b>	Provision of functional modules for users to produce and distribute marketing content on their own	Account management, traffic procurement, advertisement production and distribution, marketing strategy formulation and optimization	Account management, traffic procurement, advertisement production and distribution
<b>Major customer types</b>	B2B companies	B2C companies	B2C companies

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	<b>Marketing SaaS</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Major media platforms</b>	<p>Our marketing SaaS products primarily help users utilize free or low-cost internet traffic in both public and private domain, where platforms allow all accounts to post content following the user guidelines. Such platforms include short video platforms and social media platforms (such as Douyin, Kuaishou and Bilibili), other media platforms (such as Sina News and Sohu News), as well as long-tail B2B websites (such as sooshong.com (首商网) and 51sole.com (搜了网))</p>	<p>We purchase advertising traffic in public domain, with relatively higher traffic procurement costs, for customers from leading media platforms, including short video platforms, social media platforms and e-commerce platforms</p>	<p>We purchase advertising traffic in public domain, with relatively higher traffic procurement costs, for customers from leading media platforms, including short video platforms, social media platforms and e-commerce platforms</p>

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	<b>Marketing SaaS</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Revenue model</b>	Revenue is recognized in the form of SaaS subscription fees	Revenue is recognized on a gross basis, being the service fees (charged mainly based on the traffic procured) deducting rebates offered to the advertisers	Revenue is recognized on a net basis, being the amount of rebate granted by media platforms deducting rebates offered to the advertisers
<b>Traffic acquisition costs charged by media platforms</b>	The traffic is typically free-of-charge or offered at low costs	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT
<b>Pricing policies</b>	We charge our users subscription fees based on the service capacity; see “– SaaS Business – Pricing Model”	We determine the service fees mainly based on the traffic procured, subject to advertising budget and requested KPIs	We charge our customers based on the traffic procured
<b>Rebates from media platforms</b>	N/A	The media platforms grant us a certain amount of rebates based on the traffic procured	The media platforms grant us a certain amount of rebates based on the traffic procured
<b>Rebates to advertisers</b>	N/A	We offer rebates to advertisers as incentives	We offer rebates to advertisers as incentives

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We believe that our operations in SaaS business and precision marketing services would generate synergistic effect and promote cross-selling opportunities. The profound experience accumulated from serving the broad user base of our SaaS products would enable us to more accurately grasp the latest marketing demands of enterprises; our close communications with advertising customers while providing precision marketing services would inform our product and functional module development and upgrade progress. In addition, during the Track Record Period, some of the advertising customers for the precision marketing services also used our SaaS products to improve the efficiency of their marketing and sales processes. For example, some advertising customers use True Client to manage the leads generated from online advertisement distribution. The percentage of the number of our advertising customers who also purchased our SaaS products increased from 22% in 2021 to 25% in 2022 and further to 29% in 2023.

During the Track Record Period, we generated revenue from operating SaaS business and offering precision marketing services to customers. The following table sets forth our revenue by business segment for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	438,642	50.0	529,877	46.4	702,378	57.0
Precision marketing services	438,589	50.0	612,899	53.6	529,742	43.0
<b>Total</b>	<b>877,231</b>	<b>100.0</b>	<b>1,142,776</b>	<b>100.0</b>	<b>1,232,120</b>	<b>100.0</b>

Our revenue from SaaS business increased from RMB438.6 million in 2021 to RMB529.9 million in 2022 and further increased to RMB702.4 million in 2023. The increase in the revenue of our SaaS business during the Track Record Period was primarily attributable to the increases in subscriptions, which was mainly due to the increase in the number of the users of our SaaS business and the increase in the average contract value per user. The average contract value per user decreased from RMB45,026 in 2021 to RMB41,584 in 2022 and increased to RMB51,238 in 2023.

Revenue generated from our precision marketing services increased from RMB438.6 million in 2021 to RMB612.9 million in 2022. The increase was mainly due to the continuous enhancement of our marketing capability and improvement of service quality, strategic focus on quality advertising customers, and the fast development of the online marketing market in China. Revenue generated from our precision marketing services decreased from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily due to the decrease in the revenue from online advertisement solution services, which was mainly attributable to the decrease in the number of advertising customers for online advertisement solution services. See “Financial Information – Description of Major Components of Our Results of Operations – Revenue” for details.

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The following table sets forth a breakdown of our gross profit by business segment in absolute amounts and gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	395,092	90.1	472,685	89.2	616,155	87.7
Precision marketing services	82,715	18.9	87,353	14.3	90,027	17.0
<b>Total</b>	477,807	54.5	560,038	49.0	706,182	57.3

During the Track Record Period, our gross profit increased robustly along with our increasing revenue, while the fluctuations in our overall gross margins were primarily due to the changes in our revenue structure. Revenue from our SaaS business entailed relatively high gross margins due to the comparatively lower costs which mainly related to the procurement of third-party services and hardware to support its operation. The gross margin of our SaaS business remained relatively stable during the Track Record Period, being 90.1%, 89.2% and 87.7% in 2021, 2022 and 2023, respectively.

The gross margins of our precision marketing service fluctuated during the Track Record Period, being 18.9% in 2021, 14.3% in 2022 and 17.0% in 2023, generally in line with the changes in the revenue structure. Revenue generated from our online advertisement solution services, accounting for 81.0%, 86.3% and 84.0% of our revenue from precision marketing services in 2021, 2022 and 2023, respectively, was recognized on a gross basis and entailed a relatively lower gross margin of 2.4%, 1.5% and 1.7% for the same years, respectively. By comparison, revenue generated from our online advertisement distribution services, accounting for 19.0%, 13.7% and 16.0% of our revenue from precision marketing services in 2021, 2022 and 2023, respectively, was recognized on a net basis with a higher gross margin of 89.2%, 94.8% and 97.6% for the same years, respectively. The fluctuations in the gross margin of online advertisement solution services were primarily attributable to the changes in rebate rates received from media platforms and granted to customers. See “Business – Precision Marketing – Rebates.” The overall increase in the gross margin of online advertisement distribution services was primarily due to a decrease in the relevant staff costs.

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### SAAS BUSINESS

Leveraging the flexibility and scalability offered by our Marketingforce platform, we are able to meet each user’s diverse needs for marketing and sales activities by selecting the most suitable functional modules and combining them into standardized SaaS products, helping users from various industries to acquire sales leads, improve conversion rate and grow sales at lower costs. We designed and launched our signature SaaS products, T Cloud and True Client, each with a variety of pre-elected functional modules, targeting marketing and sales processes, respectively. As users go through different stages of development, they can further expand their subscription by (i) customizing the combination of feature modules; (ii) subscribing to higher usage limits for certain features; or (iii) subscribing to more active user accounts, according to their operational needs. See “– Pricing model.”

We also open certain functions of our technology infrastructure layer of the Marketingforce platform as part of our SaaS offerings to users to support and facilitate their use of our SaaS products. Users may purchase cloud computing services as an integral part of our SaaS solutions to further improve the outcomes they wish to achieve with our products. Additionally, to fulfill our aspiration to deliver all-in-one SaaS product, our Marketingforce platform also enables users to easily find and purchase suitable complementary services provided by third-party developers to use in conjunction with our SaaS products.

The following table sets forth certain key operating data of our SaaS business:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total users <sup>(1)</sup>	24,127	23,647	25,495
Average contract value per user (RMB) <sup>(2)</sup>	45,026	41,584	51,238
Subscription revenue retention rate <sup>(3)</sup>	136%	104%	87%
Subscription user retention rate <sup>(4)</sup>	76%	69%	69%
Monthly average revenue per user (RMB) <sup>(5)</sup>	1,515	1,867	2,296

*Notes:*

- (1) Defined as users who generated revenue within the relevant year. A user subscribing for multiple accounts is counted as one user.
- (2) Average contract value per user is calculated as the sum of the selling prices under all subscription contracts signed and revenue from orders placed during a given year, divided by the number of users signing such contracts or placing such orders with us in that year.
- (3) Subscription revenue retention rate for a given financial year is calculated as the revenue generated from subscriptions in the current financial year made by users who also generated revenue from subscriptions in the prior financial year, divided by the total revenue generated from subscriptions in the prior financial year.
- (4) Subscription user retention rate for a given financial year is calculated as the number of users who generated revenue from subscriptions in both the current financial year and the prior financial year, divided by the total users who generated revenue from subscriptions in the prior financial year.
- (5) Monthly average revenue per user for a given year is calculated as the revenue from SaaS business in the year, divided by the number of users and then divided by 12 months/number of months in the year. Since not every contract covers all twelve months of a given financial year, the monthly average revenue per user calculated by the above method may be lower than the actual payment we received in that month.

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The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, with our average contract value per user decreasing from RMB45,026 in 2021 to RMB41,584 in 2022, primarily due to our reduced marketing activities and higher customer attrition while our users reduced their marketing spend in light of the resurgences of the COVID-19 pandemic. Our subscription revenue retention rate decreased from 136% in 2021 to 104% in 2022, and our subscription user retention rate decreased from 76% in 2021 to 69% in 2022. As the COVID-19 pandemic subsided, we have recovered from such impacts and continued business expansion, with the number of users of our SaaS business increasing to 25,495 in 2023, and the average contract value per user increasing to RMB51,238 in 2023, attributable to our efforts to launch new functional modules and enhance the effectiveness of existing ones to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network. Meanwhile, our subscription revenue retention rate decreased to 87% in 2023 while our subscription user retention rate remained at 69% in 2023, mainly due to adverse impact of the COVID-19 resurgences on our business in the second half of 2022, resulting in a decrease in the recurring revenue in 2023. With the overall growth of the revenue from SaaS business from RMB529.9 million in 2022 to RMB702.4 million in 2023, we believe we are able to sustain business expansion and draw in more high-quality users in the future.

The following table sets forth a breakdown of users of our signature SaaS products, T Cloud and True Client, for the years indicated:

	<b>For the year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
T Cloud	23,826	22,855	23,996
True Client	443	1,036	1,810
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total<sup>(1)(2)</sup></b>	<u>24,269</u>	<u>23,891</u>	<u>25,806</u>

*Notes:*

- (1) In 2021, 2022 and 2023, 142, 244 and 311 users subscribed both T Cloud and True Client, respectively, which have been counted as users for each of those two products.
- (2) A user subscribing for multiple accounts is counted as one user.

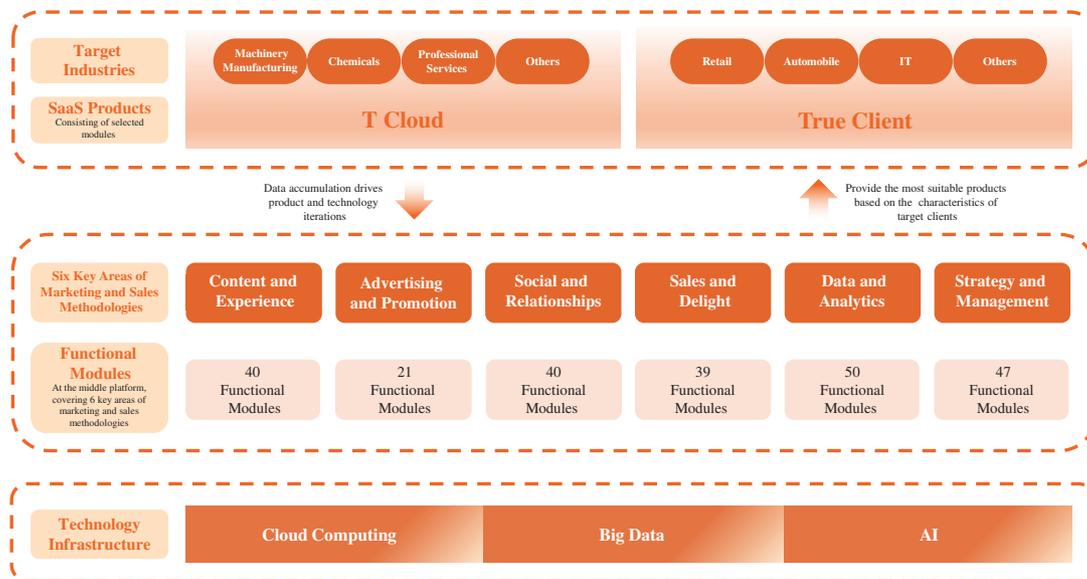
During the Track Record Period, while our True Client had fewer users compared to T Cloud, we had experienced a rapid growth in the number of users for True Client product, primarily because (i) we launched True Client in recent years and invested heavily in the development and improvement of its functions, targeting to capture the growth opportunities arising from the sales SaaS market in China; and (ii) following the introduction of the professional version of True Client, we have been strategically focusing on high-value customers, who are more likely to subscribe additional value-added services in addition to the standard version of True Client, which usually charge higher prices and suit their more sophisticated demands. See “– SaaS Business – True Client – Professional Version.”

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### Our Marketingforce Platform

We deliver our marketing and sales SaaS products through the Marketingforce platform, which represents our comprehensive capabilities to address customers’ needs. It is a multi-tier platform, the bedrock of which comprises our core technology capabilities, namely cloud computing technology, big data analytics and AI, which have enhanced performance of our products and improved user experience. We currently offer 237 functional modules on Marketingforce platform, which have incorporated the marketing experience accumulated from our operations, covering the entire marketing and sales process, from content generation, distribution, data analysis, sales promotion and overall strategy management. Our Marketingforce platform allows subscription of standalone functional modules or several of them as a package. To better address the common pain points faced by certain customer groups, we have developed SaaS products, such as T Cloud and True Client, which contain recommended functional modules to achieve optimal results. Our Marketingforce platform’s holistic solutions are able to address the needs of different industry backgrounds, business models and operation scales.

The chart below illustrates the key components of the Marketingforce platform:



**Technology platform.** Marketingforce Platform is powered by cloud computing, big data and AI technologies. Leveraging our cloud computing capabilities, we structure the Marketingforce platform to consist of the technology infrastructure layer, the data middle platform and the SaaS layer, which together support our product and service offerings. Big data analytics allow users to collect, store and analyze the data generated at different stages of their sales and marketing activities. We provide our users with AI capabilities that handle repetitive tasks, generate contents and facilitate with strategy formulation, to increase productivity and save labor and other costs.

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**Functional modules.** Based on our accumulated practice know-how covering the major stages of marketing and sales activities, namely, content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management, we had developed and launched 237 functional modules as of December 31, 2023. Most of the functional modules are designed to perform a certain type of task that facilitates or automates users' marketing and sales activities. For example, we offer different modules to intelligently generate text, graphic and video content, profile the potential customers, or create standard operation procedures for customer and community management. In addition, we deliver a number of modules for strategy formulation and internal management to support the users' sales and marketing activities. We continually iterate on these modules and develop new ones based on the latest industry trends and customer needs.

Set forth below is an overview of our functional modules:

<b>Six Key Areas of Marketing and Sales Methodologies</b>	<b>Number of Functional Modules</b>	<b>Feature Description</b>
<b>Content and Experience</b>	40	Marketing content generation is the initial critical step for enterprises to approach their target audiences. Our functional modules under this category help enterprises to quickly establish online presence and efficiently produce quality marketing contents. This enables enterprises to more effectively capture the attention of target audience with smooth online browsing experience.
<b>Advertising and Promotion</b>	21	Functional modules under this category mainly focus on facilitating enterprises' distribution of marketing contents on media platforms. By delivering advertisements more precisely to audience searching for relevant information, these functional modules help enterprises to improve their return of marketing investment.
<b>Social and Relationships</b>	40	With the rise of social media platforms, enterprises are becoming increasingly focusing on connecting with potential customers and form their own private domain traffic. Functional modules under this category are designed to formulate and implement marketing strategies suitable for different private domain traffic scenarios.

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<b>Six Key Areas of Marketing and Sales Methodologies</b>	<b>Number of Functional Modules</b>	<b>Feature Description</b>
<b>Sales and Delight</b>	39	Function modules under this category target at resolving pain points faced by enterprises in sales leads management and sales conversion. In addition, these features also aim to optimize enterprises’ sales strategies, allowing them to bring customers better user experience and improve customer retention rate.
<b>Data and Analytics</b>	50	Data and analytics modules allow enterprises to collect and analyze statistics generated during their marketing and sales process. This provides enterprises with deeper insights and scientific evaluations of marketing and sales activities.
<b>Strategy and Management</b>	47	Marketing demands of enterprises vary significantly as a result of different industries, operation scales and development stages. Functional modules under this category give enterprises access to a broad range of marketing strategies and internal management functions, which facilitate enterprises’ execution of the above-mentioned five areas.

**SaaS products.** We combine a series of functional modules and build our marketing and sales SaaS product matrix addressing the specific pain points and needs of different user groups. We have designed and launched our signature SaaS products, T Cloud and True Client, each consisting of a variety of pre-configured functional modules to serve companies’ needs in their marketing and sales management. T Cloud is an all-in-one marketing SaaS product empowering users’ entire marketing process from official platform building and operation, to AI-empowered marketing content generation and distribution. True Client, on the other hand, addresses the sales process, and offers intelligent sales management tools including leads management, leads conversion and customer management. Both products allow users to improve their marketing and sales strategies through data visualization and analysis function. Looking forward, we expect to discover the distinct needs of more user groups and continually launch new products accordingly.

**Diversified customer base.** Marketingforce platform and users have a symbiotic relationship, and interact with each other in a mutual beneficial method and ultimately forming a flywheel effect. We offer a variety of product versions and flexible pricing models to help users remain vibrant throughout different stages of business development. Marketingforce platform has accumulated tens of thousands of users with diversified industry backgrounds, business models and operating scales. They help us to understand the latest marketing and sales needs, and upgrade our products and offerings accordingly.

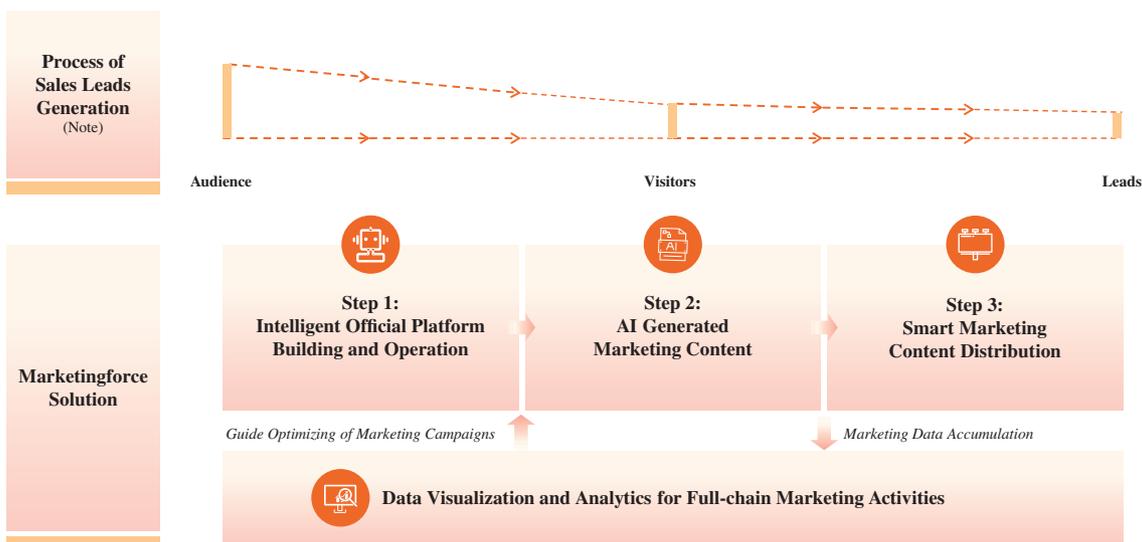
## BUSINESS

### T Cloud

#### Overview of T Cloud

T Cloud is our signature all-in-one marketing SaaS product that addresses users’ various needs for intelligent marketing. Based on our deep understanding of marketing methodologies and enterprise needs, we have developed T Cloud by selecting functional modules on the Marketingforce platform and configuring them to cover the entire marketing process. We offer different versions of T Cloud and deliver up to 89 functional modules. Users of T Cloud can further customize their subscriptions by purchasing additional functional modules, or subscribing to higher usage limits for certain features, on the Marketingforce platform and adding them to their portfolio of T Cloud products. Additionally, users can subscribe to multiple user accounts for different product or service lines or different salespeople, each with specific marketing strategies and content for better results.

The functional modules of T Cloud cover the four stages of users’ marketing activities. The following chart illustrates a typical workflow of T Cloud:



*Note:* The height of bars is indicative of the number of potential customers that our SaaS products address in the respective step of the full marketing process, in which a narrowing scope of more targeted leads are screened out.

T Cloud serves a broad range of customers from diverse industry backgrounds, who have a strong requirement to consistently attract high-value leads through intelligently generated marketing contents. While it is offered to enterprises of different types, T Cloud primarily targets at B2B enterprises, which typically have businesses or high-value individuals as their clients, primarily from the manufacturing, IT, enterprise services, home improvement and professional services industries. Those B2B enterprises’ businesses are generally characterized by low transaction frequency, high average spending per transaction, rigorous decision-making processes and relatively long negotiation cycle. Such customers need to build meaningful and long-lasting relationships with their potential and existing clients, offering competitive products or services and encouraging repeat purchases.

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To address the specific needs of B2B enterprises, T Cloud enables efficient distribution of marketing contents on a variety of long-tail B2B websites, where enterprises usually come for potential cooperation opportunities. For example, B2B e-commerce sites, such as sooshong.com (首商网) and 51sole.com (搜了网), showcase business opportunities and procurement information for a variety of industries, and are more likely to be visited by potential enterprise customers. Those media platforms or websites are generally free-of-charge or at low rate as we centralize the procurement of traffic on behalf of our users, which help B2B enterprises to effectively and constantly connect with potential customers, improving the return of marketing expenses. In addition, T Cloud also allows customers to efficiently generate and publish high-quality contents on social media platforms and short video platforms through their own accounts, which rely on the recommendation algorithms of these platforms to automatically push these contents to potentially interested audiences, such as people working in related industries. Therefore, customers can effectively attract and interact with visitors with an aim to build business relationships, without purchasing traffic to improve marketing results. Furthermore, customers of T Cloud may also produce and post contents in their private traffic domains, such as through WeChat accounts, to interact with their existing contacts to explore new sales opportunities or maintain the business relationship.

As a comparison, B2C enterprises typically have a broader target audience of individual consumers and therefore need to reach out to a larger number of people. Prevailing media platforms, such as social media, search engines, and popular websites, have a large user base consisting of individual consumers. These platforms typically allow B2C enterprises to narrow down their audience based on factors such as demographics, interests, and behaviors, making them an effective way for B2C enterprises to purchase internet traffic for sales conversion.

T Cloud brings core product value to our customers from various industry backgrounds by screening for visitors, namely, those who are likely to be interested in our customers' products and services, from a wide range of audience, and further converting visitors who express interest in purchasing our users' products or services into potential sales leads. T Cloud achieves above goals by delivering inbound marketing services, helping users create and distribute high-quality marketing contents through AI-empowered tools and technologies. In a typical workflow, users start with establishing and managing their official platforms using the low-code platform building tools offered by T Cloud. They would then generate abundant marketing contents with AI technologies in the form of articles, images or videos, and distribute these contents on a wide range of media platforms, primarily including short-video platforms, social media platforms and long-tail B2B websites. Based on the marketing results, users may dynamically optimize the advertising strategies and contents leveraging T Cloud's AI-powered content distribution functional modules. The entire process is supported by data analysis modules, which enable users to collect, visualize and analyze marketing data to optimize strategies and improve results. Users may also subscribe for other functions in their marketing activities.

## BUSINESS

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### *Key Features and Functionalities of T Cloud*

T Cloud integrates a variety of functions and features, covering all critical stages of typical marketing processes, primarily including intelligent official platform building and operation, marketing content, marketing content distribution, data monitoring and analysis:

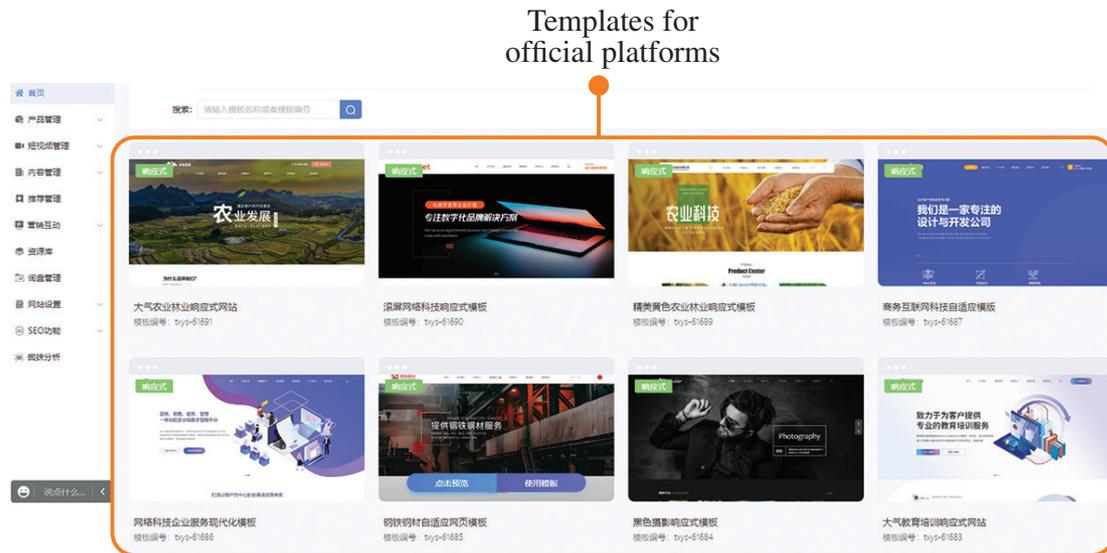
#### *Intelligent Official Platform Building and Operation*

Official marketing platforms, including PC and mobile websites, mini program and H5 pages, are a critically important gateway for enterprises to establish a digital presence and attract online traffic. We offer an integrated and intuitive official platform builder through T Cloud, which has the following features:

- *Easy-to-use platform builder.* T Cloud provides users with a low-code marketing platform builder, integrated with a visualized editing dashboard and drag-and-drop functionality, so that users with few or no coding skills can create a professional-looking, marketing-oriented site. In addition, we offer users thousands of templates designed in-house, which can be further customized with added features that can be adjusted to meet a user's specific requirements. To further increase the platform's exposure, users can build the online platforms in multiple languages through the embedded multi-language tool of T Cloud.
- *Smart one-stop creation of a platform compatible with various environments.* T Cloud integrates an intelligent code conversion engine, allowing users to build an official platform automatically adapted to various environments in one pass. Therefore, users may create a PC version and then convert it to a mobile website, mini program and/or H5 pages through a one-click function. T Cloud's mobile optimization further automatically adjusts and optimizes website content for mobile devices, thereby ensuring that visitors who access the site from mobile devices have an experience customized to their device, so promoting conversions.
- *Marketing-oriented, all-in-one setup and continual optimization.* We offer a variety of tools to facilitate the building of a platform, such as automatic domain filing, monitoring of traffic and keyword ranking, and customer service system. These tools enable users to design and build their official platforms for optimizing marketing results from the outset, so enhancing a user's marketing efficiency throughout the process. In addition, our traffic monitoring system helps to continually optimize the official platform based on historic and real-time traffic conversion rates, helping users to better attract customers.

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The following screenshot illustrates the interface of our intelligent official platform builder function:



### AI-Generated Marketing Content

T Cloud provides content creation tools for users to intelligently generate various types of marketing content. With the support of big data analysis and AI technology, T Cloud facilitates user studies of the search habits of target audiences, and help them automatically create high-quality marketing content that accurately applies professional expressions and industry terms, which is often widely shared by audiences.

Leveraging three AI-generated content modules – T-text, T-image and T-video – the platform intelligently combines relevant materials and generates marketing content:

- *T-text.* Our intelligent text content creator, T-text, enables the automated generation of high-quality marketing articles. With parameters including industry, topic and keyword, T-text automatically drafts articles based on materials provided by users.
- *T-image.* T-image is an intelligent image creator with a wealth of self-designed templates offering different themes and styles, as well as editing tools for users to easily customize their images. It provides users with one-stop marketing image generation, covering the whole process from creative design to final product output. T-image automatically generates a variety of designs for posters, banners, product images and new media materials based on the user’s raw materials and text references. Considering users’ different marketing needs for various scenarios, it further customizes the presentation for specific industries, marketing scenarios, and timing.

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- *T-video*. T-video is a powerful and intelligent online video editor with a user-friendly interface. It offers various transition effects, music resources, and practical features such as intelligent generation of dubbing and subtitles, which greatly improve the efficiency of creating and editing videos. It is embedded with high-quality templates covering over a hundred business scenarios, such as enterprise and product promotion, industrial animation, and training films.

The following screenshot illustrates the interface of our AI-generated marketing content function:



With our proprietary NLP technology, knowledge graph, and intelligent image and video generation technologies, we continuously improve our content generation capabilities with a view to improving both conversion and retention rates after browsing, thus helping users to continually improve their marketing effectiveness. See “ – Our Technology and Infrastructure – AI Technologies” for details. During the Track Record Period, T Cloud published more than 2.3 billion marketing articles, generated approximately 810,500 H5 smart posters for private domain marketing, and produced 2.9 million marketing images and approximately 1,204,200 marketing videos for its users. Leveraging the underlying technology, we apply the AI-generated content tools in True Client. See “ – True Client – Intelligent Leads Conversion”.

### ***Smart Marketing Content Distribution***

T Cloud digitalizes and streamlines the marketing process automatically and intelligently, selecting the appropriate channels for advertisement delivery. It primarily utilizes B2B industry vertical platform and head platforms, covering both public and private domain traffic. In addition, T Cloud continuously optimizes its algorithms through automatic data collection, real-time analysis and its machine learning process. T Cloud is imbedded with various tools to increase users’ exposure on the Internet and attract more lead inquiries, thereby acquiring customers at higher cost efficiency.

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The AI-powered content distribution function has the following features:

- *Smart delivery channel recommendation.* T Cloud covers diversified platforms, including search engine, short video platform, and social media and self-media platforms. Depending on the characteristics of a user's products, business, geographic location and industry, and subject to the display format of the marketing contents, T Cloud automatically recommends the platforms on which better marketing effects would be generated.

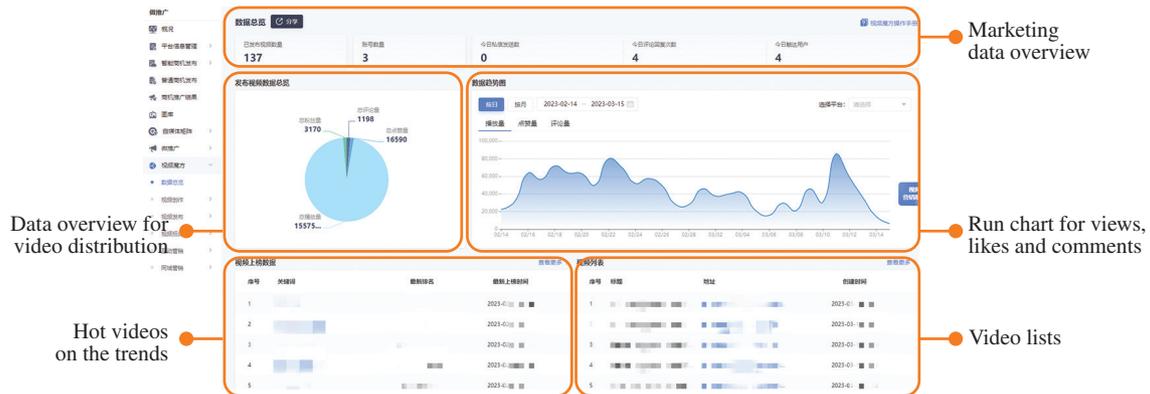
For B2B company users with a targeted customer group, T Cloud generates professional content and distributes this on the most relevant platforms, including popular local websites and high-quality, industry-vertical websites. T Cloud helps users to utilize the free internet traffic from these long-tail B2B websites, effectively connecting with potential customers and improving the marketing returns. It further enhances users' exposure in search results by automatically recommending and setting a series of key words which, based on our big data analysis, are more likely to appeal to potential customers.

For users with a wide consumer base, T Cloud strategically focuses on social media and self-media, including instant messaging platforms and short video platforms, to maximize exposure to targeted individual consumers.

- *Dynamic optimization of advertising strategies and contents.* T Cloud optimizes and adjusts advertising strategies and contents dynamically. The data generated from each step of the marketing process is analyzed in real time. Based on the analysis, T Cloud optimizes a user's marketing tactics by adjusting the quantity and frequency of their content delivery, as well as the choice of media platforms upon which they are delivered, thus enhancing overall marketing efficiency.
- *Abundant marketing tools for both public and private traffic.* T Cloud integrates marketing tools to enable users to take advantage of low-cost or free-of-charge traffic of social media platforms and short video distribution platforms, such as Douyin, Kuaishou and Bilibili. T Cloud primarily assists users in utilizing these platforms, which allow accounts to post content for free, as long as the user guidelines are followed. We also purchase quotas for article releases in bulk from media platforms (such as Sina News and Sohu News) as well as long tail B2B websites (such as sooshong.com and 51sole.com), and allow our users to publish their news articles at relatively low prices. T Cloud helps users effectively identify and capture the trending topics with respect to products or services offered by such users, and they can generate and post relevant articles, images or videos addressing these topics on their social media accounts. This would increase the chance of such contents being viewed by audience who are currently searching for information on these trending topics, and therefore increase the online exposure of the products or services of T Cloud's users.
- *Integration of remarketing campaigns to further drive conversion rate.* T Cloud automates remarketing campaigns, which enables users to repeatedly deliver marketing contents to visitors showing interest in their products or services. Users are able to analyze visitors' levels of interest and target the group of visitors that may constitute potential leads. With users' instructions and operations, T Cloud then assists users in ongoing and frequent targeted content distribution to such visitors, thus attracting further inquiries and ultimately facilitating transactions. Such remarketing process plays an important role in converting visitor leads and so leads to customers.

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The following screenshot illustrates the interface of our smart marketing content distribution function for short videos:



### *Data Visualization and Analytics for Full-chain Marketing Activities*

T Cloud enables users to conduct a multi-dimensional self-evaluation of their marketing capabilities and results in real time throughout the whole of a marketing campaign. This is achieved through our system that captures and records user interactions on the official marketing site built on our Marketingforce Platform. It can also receive marketing results through APIs with third-party media platforms for analysis and improvement. Thus, users can easily view various marketing data and real-time analysis of their whole process marketing activities through a dashboard. The data analytics function enables them to perform ongoing monitoring of marketing results after adopting selected T Cloud tools, thereby facilitating their decision-making in being able to adjust their strategies. This function closes the marketing loop of capability evaluation, platform building, content creation and distribution, and monitoring of results.

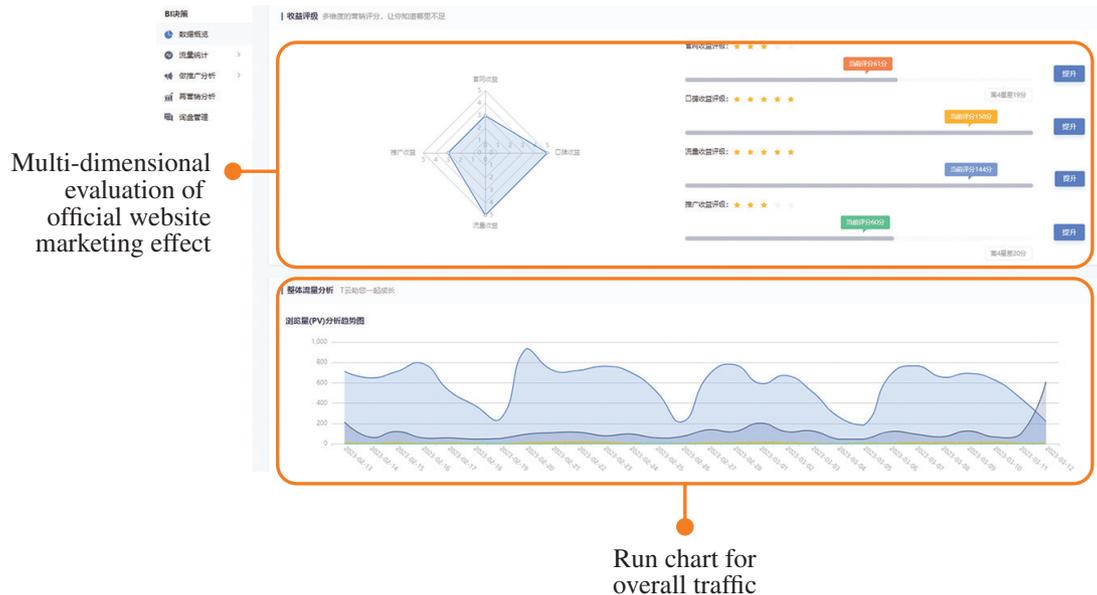
We primarily offer the following functions to facilitate data visualization and analysis:

- *AI evaluation of marketing results.* T Cloud enables users to conduct a multidimensional self-evaluation of their marketing capabilities and results from the outset of their marketing activities, supported by our accumulated industry-specific datasets, algorithms and know-how. The evaluation report addresses five aspects, namely, marketing features of their official website, publicity and exposure in major channels, capabilities in product promotion and customer service, brand reputation, and performance of information provision. It quantifies the traffic, exposure, engagement rates and lead acquisition costs, which metrics are used to identify the major issues in a user’s marketing process compared with industry peers. Users refer to the reports to track their marketing results, and use them as a guide for improvements.

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- *Multidimensional data presentation and analysis.* T Cloud contains features that supports, collecting and presenting multidimensional data, including traffic statistics, number of impressions, visitor inquiries, keyword ranking, remarketing results, and number of likes. Abundant data metrics help users to more efficiently identify the critical factors affecting marketing results and optimize their marketing campaigns accordingly.
- *Monitor system.* T Cloud sets up a data monitoring system. T Cloud offers features that, when marketing data interprets unusual changes, users can receive alerts from the system in a timely manner so that they can adjust their marketing plans.
- *Data sharing with True Client.* Supported by our data middle platform, following users' instructions and operations, the data accumulated in T Cloud automatically flows to True Client, which seamlessly connects the lead generation with lead conversion and customer management. Users may select the data that they wish to transmit to their True Client database, such as the inquiries that may lead to customer acquisition, so as to further manage them and effectively promote sales.

The following screenshot illustrates the interface of our data visualization and analysis function for marketing activities:



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### *Case Study*

Client A is a technology solutions provider focusing on sensors and test systems. Client A has its own R&D and design team, integrating R&D, production and sales. Client A purchased our SaaS products aiming to improve its overall marketing and sales capability.

*Official Platform Builder.* Client A uses tools to build several marketing sites, including an official PC website, a mobile terminal website and a WeChat Mini Program, reducing the cost of website building and boosting the efficiency.

*AI Content Generation and Distribution.* Client A actively implemented its marketing strategies through the content generation and distribution functions of T Cloud. As of December 31, 2023, it published more than 395 thousand pieces of information on its products and principal business. User traffic has stabilized at an average of approximately 1,735 visits per day. Client A also undertakes remarketing campaigns, ultimately achieving approximately 52,000 advertisement impressions, and acquiring 54 sales leads. To further promote customer conversion, Client A posted over 2,200 articles on various platforms including media news platforms, an encyclopedias platform, and electronic maps. Owing to the abundant and diverse marketing resources provided by T Cloud, its marketing conversion rate increased significantly, while the cost of customer acquisition was reduced.

*Data Visualization and Analysis.* Relying on the data dashboards, Client A was continually well-informed of its marketing and effects. By performing the data analytics function on a regular basis, Client A was able to adjust and enhance its marketing strategy to achieve better results.

### **True Client (珍客)**

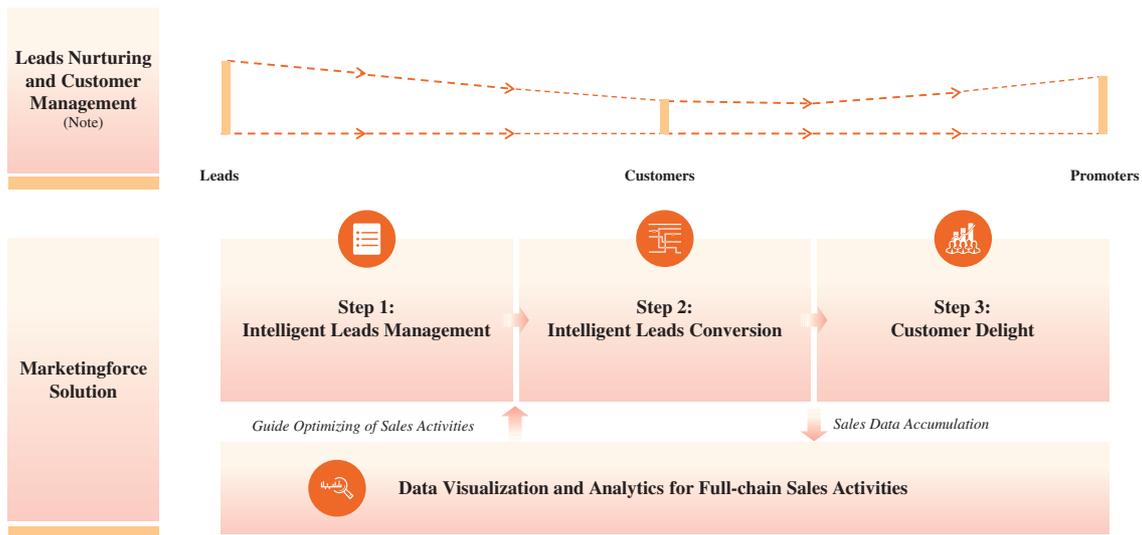
#### *Overview of True Client*

We deliver True Client, a customer resource management platform integrated with the mainstream social platform for comprehensive customer relationship management and data analytics. Particularly, our True Client has connection with mainstream social platforms such as WeCom. Such connection allows users to conveniently transport the contacts and other information of the sales leads from relevant social platforms to True Client, thereby providing the following functions: (i) managing customer information, (ii) interacting with customers, (iii) providing customer services, (iv) launching online customer events, and (v) conducting customer data analytics. Thus, True Client empowers users from a wide range of industries who connect with customers through social platforms but need to improve sales efficiency. True Client helps its users develop effective sales strategies to increase conversions and better manage their sales force with an all-in-one platform. We offer up to 159 functional modules to empower the entire sales process for users of different business sizes and sales force, including 81 customer relationship management related functional modules and 78 ancillary modules.

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The standard version of True Clients primarily facilitates the four stages of sales activities, while the professional version is further equipped with ancillary modules for features such as customer data management and AI-enabled growth automation, fully addressing our customers’ personalized needs.

The following chart sets forth a typical workflow empowered by the standard version True Client:



*Note:* The height of bars is indicative of the number of leads, converted leads, renewed and referral leads in the respective step of the full sales process.

True Client is designed to digitalize the interactions between users’ sales staff and their customers, improving sales efficiency and customer experience. True Client helps users close the value loop of the lead-to-cash process, convert sales leads to customers, and further into promoters who are willing to re-purchase users’ products and services and recommend them to a wider group of potential customers.

True Client serves a wide range of users who urgently need to improve the efficiency of sales management and customer operations. Typical target users of True Client have large sales teams, requiring more systematic management and empowerment of sales staff. With a large potential and existing customer base, our users also need intelligent tools for frequent daily communication and relationship management. These users come from a variety of industries, such as manufacturing, IT, enterprise services, automobile and retail.

With a profound understanding of the pain points and needs of enterprises in the sales process, we apply our unique product development method by selecting a variety of functional modules from the Marketingforce platform to provide social marketing and private domain sales methodology. These modules cover the four main stages of sales activities. Users start with managing sales leads with True Client’s intelligent leads management tools, profiling the leads and allocating them to responsible sales staff. True Client then helps users reach out to customers, create various marketing content for sales events, and conduct sales activities. After

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initial purchase, users may further manage the customer relationship and promote customer delight with True Client membership management system and social fission marketing events, among others. Similar to T Cloud, the whole sales process is supported by sales data visualization and analysis tools, which allow users to improve their sales process and optimize strategies and contents.

The standard version of True Client has the following features and functionalities, covering major steps of the customer resource management process:

### *Intelligent Leads Management*

We offer functional modules covering the entire process of leads management, from potential leads evaluation to their allocation to the sales team.

#### *Leads Profiling*

True Client helps users establish a portrait library for prospective customers based on their reactions to marketing and sales activities, based on the information shared by social media platforms, including search, click, viewing, and sharing. It then creates a set of tags to characterize the potential customers, updating these tags for each customer from time to time, so that the customer profiling can be automatically refined as the accumulated data grows. As such, users can improve the understanding of their customer base by analyzing the composition of these tags and following up with their customers via PC or mobile.

#### *Leads allocation*

True Client helps users to automate the sales activity management. It allows simpler management of customer profiles, allocate leads to each salesperson and strengthens internal cooperation within the sales team. It improves the overall efficiency of the sales team by reducing the possibility of different salespersons per using potential orders and repeating follow-ups.

- *Customer information management.* True Client can automatically merge duplicate information about the same customer and assign leads to specific salespeople for organized account management. This feature helps users avoid duplicate calls and communications from different salespeople to the same customer, while enhancing departmental collaboration. True Client also handles user needs for customer information retention and resource reallocation, and avoids loss of customer leads caused by the departure of sales force members.
- *Access control.* True Client provides customer information desensitization and data segregation functions, allowing users to control access to each segment of customer information based on the salesperson's level. This feature effectively prevents salespeople from accessing critical information about unassigned prospects and prevents them from taking orders without authorization.

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Based on customized allocation conditions, True Client helps users to timely distribute customer leads to its salespeople. This function significantly reduces users’ response time to potential customers and improves sales efficiency. To facilitate results-oriented sales management, True Client automatically provides users with the lead conversion rate and details during the sales follow-up process, which may be further verified via a manual review.

The following screenshot illustrates the interface of the intelligent leads management function:



### *Intelligent Leads Conversion*

We offer intelligent lead nurturing functions through a range of AI-empowered modules, helping our users to create and precisely distribute contents to target customers, standardize customer service procedures, and manage daily customer services and campaigns.

### *Automated Execution of Sales Activities*

- *Customer standard operation procedure (SOP).* True Client can help users analyze customer needs, undertake the orderly planning of the sales process, and help sales staff to establish reasonable customer daily SOPs and activity SOPs. The module can help enterprises to standardize business processes and make rational sales decisions while improving per capita marketing efficiency.

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- **Community SOPs.** We offer users various methods to establish customer groups and communities on social media platforms to continually attract traffic. For example, users may place QR codes in designated online webpages and offline areas to enable potential customers to easily join groups. These groups are categorized by geographic location, user types and purchasing history, and users may refine the management of these groups. These methods quickly improve the efficiency of both enterprise group community building and attracting traffic. Users can set SOPs and regular reminders for the daily operation of their group communities. In addition, users can also screen active customers based on group community feedback to improve community operation.

The following screenshot illustrates the interface of the automated execution function:



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### *Smart Content Strategy*

During the sales process, True Client formulates content strategies for sales staff, supported by its libraries of conversations and materials. These functions enhance the professionalism of sales teams, and users can easily follow up the behavior of active customers and identify their purchasing intentions.

- *Content support.* True Client has a conversation library which helps users formulate marketing contents. Users can access the frequently used phrases integrated with the platform at any time and send to customers with one click. In addition, the platform can refine the enterprise employee's marketing vocabulary according to their business habits, helping them to quickly initiate the sales conversation and improve their professional skills.
- *Strategy support.* True Client offers AI-facilitated strategy formulation for users to plan their sales activities. Enterprise employees can also distribute the promotional contents in the material library with one click, leveraging our proprietary AI content generation capabilities. Using T-image, the functional module for smart image creation, users can efficiently design promotional materials for events, festivals or marketing campaigns. See " – T Cloud – AI-Generated Marketing Content" and " – Our Technology and Infrastructure – AI Technologies." In addition, True Client completes automatic customer scoring and tagging based on their interest level, and quickly identifies potential customers, so that enterprise employees can carry out more targeted sales activities.

### *Customer Delight*

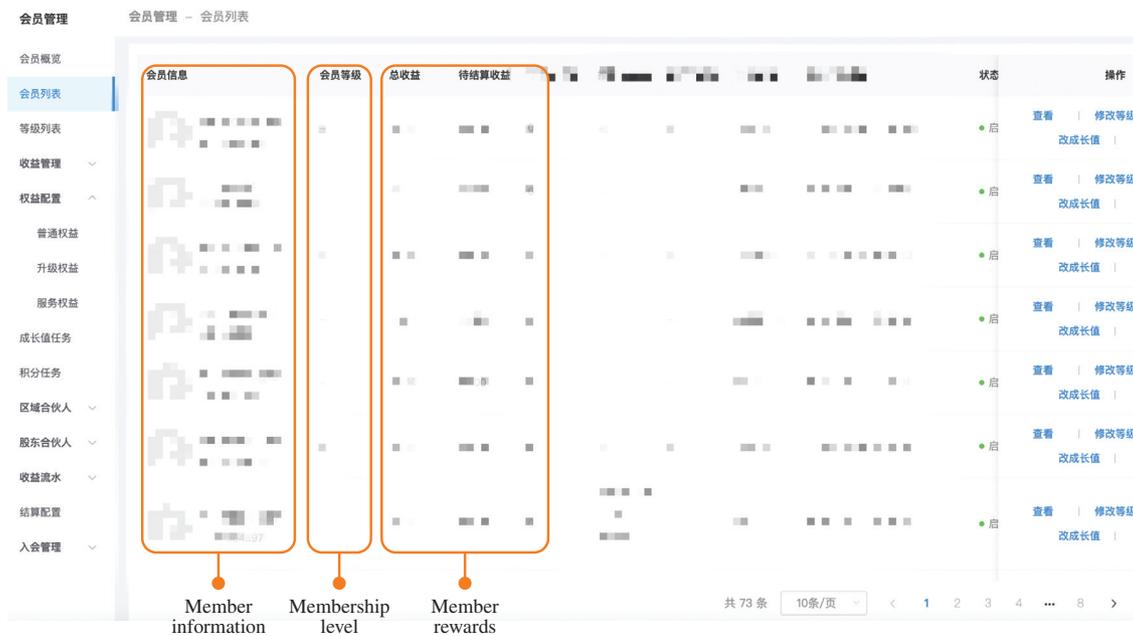
We offer customer management services to further facilitate users with their customer management and daily operation.

### *Membership management for repeat purchases*

We help our users with automatic membership management. A comprehensive membership program aims to attract customers to become members, continue to stimulate their willingness to repurchase, and enhance customers' brand adhesion and loyalty. A membership program typically includes management of membership levels and point discount schemes for various rewards and tasks. Users can establish their own membership point redemption rules, which allow members to redeem points on product and service purchases. Users can further grade members according to their accumulated points, set upgrade conditions, and plan exclusive marketing activities for members of different levels. True Client includes automatic membership upgrade and downgrade functions, so replacing manual operations and greatly improving operational efficiency.

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The following screenshot illustrates the interface of the membership management function:

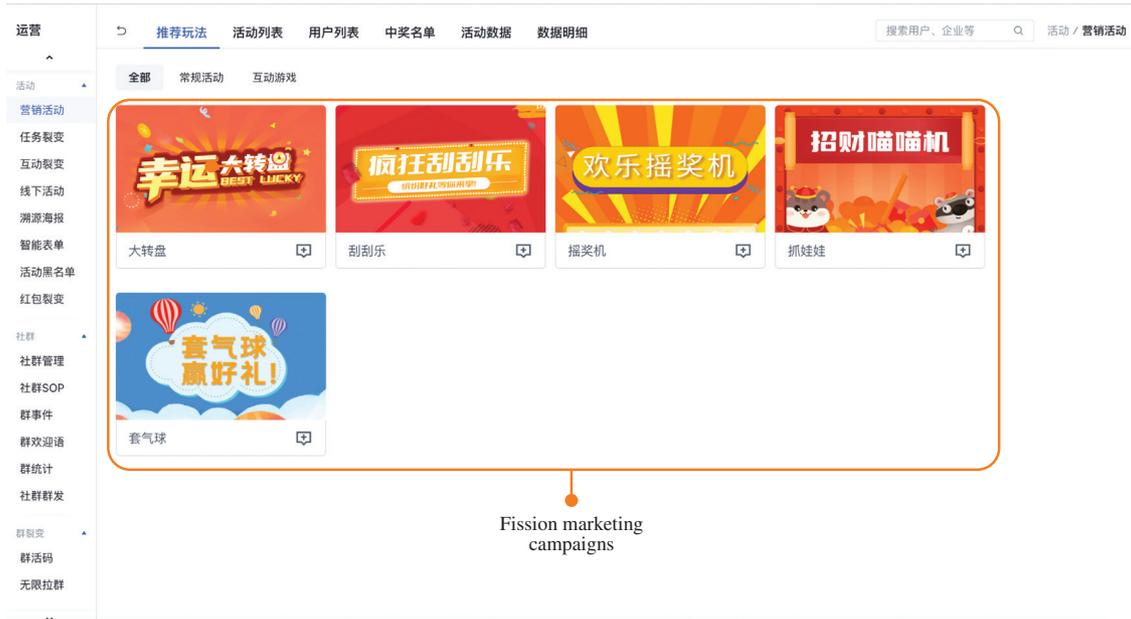


### *Social fission marketing for customer base expansion*

We provide social fission marketing tools to quickly expand a user’s customer base and improve the likelihood of repurchase. Users may easily design and launch fission marketing campaigns including online prize wheel games and fission posters. As such, users are able to leverage the social relations of their existing customers to amplify impact and energize growth. In daily community operations, in addition to setting interactive tasks to motivate community users to maintain long-term attention to the brand, users can also carry out targeted marketing activities through the platform to encourage their customers to actively participate in sales campaigns, so facilitating a growing customer base.

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The following screenshots illustrate the interface of the social fission marketing function:



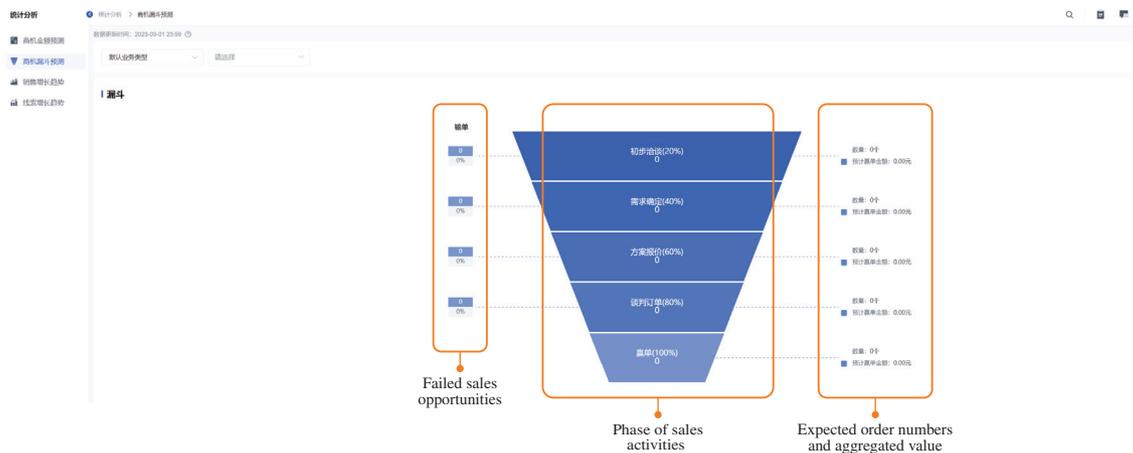
### Data Visualization and Analytics for Full-chain Sales Activities

True Client allows users to closely monitor each critical step throughout sales activities and obtain guidance. For example, users can track and analyze their interactions with prospective customers, compare customer acquisition effectiveness between these interactions, and gain practical improvement tips. These analytical capabilities enable users to implement quality control in the management of their sales process.

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Additionally, True Client presents visualized conversion data at various stages of a sales campaign. It demonstrates visualized conversion data with the separately counted potential customers and growth trends of each platform in both public and private domains. These data help users more effectively locate business opportunities and potential customers at each stage, quickly identify the current sales status of customers, discover missing sales leads, and carry out targeted follow-ups. This module enables users to make sales decisions and sales plans in a highly efficient manner.

The following screenshot illustrates the interface of the data visualization and analytics function (numbers are for illustration purpose only):



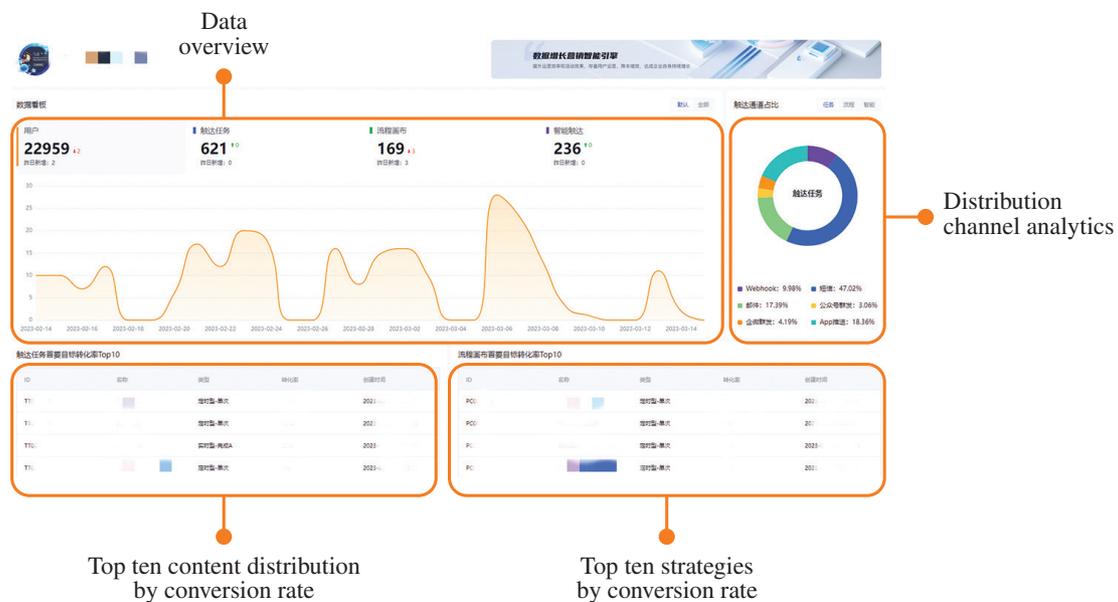
### *Professional Version*

In addition to the standard version, we offer the professional version of True Client to users who seek to build a more comprehensive sales and customer management system, with modules tailored to address personalized demands related to specific industries or customer groups. The professional version helps users improve their customer conversion rate through a variety of customized tools and technologies, including content generation, sales automation, customer management and value-added services. It further utilizes our data analytics function to help users collect, process, manage and utilize data generated in marketing and sales activities, building a closed-loop flow of data that empowers every step of the process. The additional value-added services provided under the professional version of True Client primarily charge our customers by the following methods: (i) for client resource management functions, usually charging by the volume of information required to be managed; (ii) for sales conversion and promotion functions, usually charging by the usage of the marketing contents distributed or delivered; and (iii) for resources storage and administrative functions, usually by the number of accounts and storage space. The spending of customers for the professional version of True Client could vary significantly as most of them purchase the services to address their personalized and sophisticated client management concerns.

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Our product helps enterprises break through cross-platform data transmission barriers by connecting the sales promotion platforms of enterprises, such as enterprise official websites, online stores, enterprise applications, offline stores and wholesaler platforms, enterprise email and SMS platforms. According to industry characteristics and enterprise demands, the product can help users set personalized data tags and process rules to further automate the classification of customer data. Based on the tagged and classified customer data, the product can also help sales staff create personalized marketing plans and operational SOPs, cooperating with our other products to achieve marketing and sales automation and standardization. Through personalized and accurate marketing and sales SaaS solutions, sales staff can achieve efficient customer management and customer communication to further examine existing and potential customer value.

The following screenshot illustrates a sample function:



We draw on industry knowledge accumulated during the development of the professional version of True Client for various clients. Going forward, we plan to apply such knowledge to various business scenarios, facilitating the development of standardized, industry-specific functions, with appropriate customization according to customer requirements.

To help our customers accomplish more complicated sales management tasks, we strive to continually develop and launch new features and modules for more demanding use cases, taking advantage of our insights in customer needs and persistent R&D investment. As of December 31, 2023, we offered 81 customer relationship management related functional modules, as well as 78 ancillary modules that enables additional features such as customer data management and AI-enabled growth automation. Our data middle platform supports the integration of customer relationship management modules and ancillary modules, allowing our customers across different industries to structure suitable sales tools and realize effective business growth.

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## BUSINESS

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### *Case Study*

*Background:* Client B is an enterprise engaged in the production and sale of new energy vehicles. During its early stages, Client B relied on traditional marketing methods, such as SMS, phone, and WeChat tools, to contact end customers. Client B lacked the ability to efficiently communicate with end customers and manage potential sales leads. As a result, Client B faced the loss of leads and disconnection from actual and potential end customers. In addition, Client B did not have timely access to the data on distributors and end customers, and so it needed efficient data analytics tools to support its production and marketing plans. To improve operational efficiency, Client B asked us to offer a digital sales solution different from traditional methods, capable of integrating online and offline marketplace scenarios, and to achieve full-scenario tracking of end customer behavior and digital management of the entire process.

*Solution and benefits:* In view of Client B's pain points, demands and characteristics of the new energy vehicle industry, we offered our True Client Professional version, covering the whole chain from lead management to precise operational services. Sales staff can manage leads timely from both public and private domains, and screen those end customers with a strong intention to purchase cars based on the accurate end customer profile provided by the professional version of True Client. Our product also helps Client B to enrich its marketing dialog, enabling its stores and distributors to efficiently manage different end customer communities, and to address end customers' needs in real time. For example, based on end customer tags, sales staff can invite end customers to test drives, introduce finance solutions, and promote community benefits. In addition, through True Client Professional version, sales staff can automatically contact end customers to maintain their vehicles and renew their insurance policies. As a result, Client B achieves targeted, community-based end customer management, effectively avoiding end customer loss and disconnection.

### **Our Big Data Analytics Capabilities**

We endeavor to strengthen our big data analytics capabilities, which are the backbone of our solutions and data analytics functions. The high volume of traffic over our proprietary platforms brings a large amount of data, and our SaaS products accumulate data under various scenarios. Such data primarily include customers' basic information and behavior data, and transaction data from various channels. We have built a proprietary big data center to better manage and analyze such data and effectively solve practical problems that may arise in managing data. We are therefore able to help enterprises to evaluate, regulate and manage information assets as well as monetizing data assets.

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We have developed and implemented various advanced technologies, including database synchronization, data quality monitoring, flow statistics and analysis and data flow monitoring. These technologies enable us to synchronize data at a high speed of about 500 to 1,000 pieces per second or about 3TB of data per day, and monitor data quality and conduct analysis by processing nearly 5TB of data per day. We primarily monitor the data flow in our distributed file system, hardware and servers, allowing us to optimize the efficiency of data storage and processing and timely detect issues. We have constructed mechanisms such as traditional data governance (including standard data management, metadata management, data quality management, data security management and data life cycle management), data value management, and data sharing management. We provide our users and their customers with a better experience and more targeted services by providing features of cleaning, modeling, analyzing and mining data and building customer insights and profiles. Meanwhile, we also help our users increase operational efficiency through BI visual platforms. We have built various big data applications, including precision targeting, customer analysis, usage analysis, personalized recommendation, and marketing results prediction, through which users can obtain feedback to increase the accuracy of data and optimize results. We plan to provide more data-driven services in the future, in order to enhance marketing and sales automation in our SaaS offerings. In addition, our strong data analytics capability would also benefit the development of our precision marketing business, as it allows us to automatically generate recommendations for marketing campaign adjustment, such as marketing content production and changes in distribution channels, which would ultimately improve the marketing results.

### **Key Terms of Subscription Agreements for SaaS Business**

Set out below is a summary of the key terms of subscription agreements with our users:

- *Pricing.* We primarily charge our users subscription fees based on the product version and additional subscribed functional modules.
- *Payment and credit terms.* Users are typically required to settle the subscription cost in full within three business days of executing the agreement. Under the subscription agreements, we do not grant any credit terms to users.
- *Ongoing product support.* Throughout the subscription terms, we provide users with ongoing product support services, free of charge, so that they may address their problems or inquiries on the use of our SaaS products.
- *Software updates.* During the terms of subscription, users are provided with software updates on the SaaS products they subscribe for at no additional charges.
- *Intellectual Property.* Under the subscription agreements, we retain all intellectual property rights of our SaaS products.

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- *Content compliance.* Users undertake that all marketing contents and materials published through our SaaS products will comply with relevant laws and regulations.
- *Data protection.* Users certify that they have obtained consent and authorization from third-party data owners for all data and information relating to them. Users undertake to comply with all applicable laws and regulations in connection with the collection and use of data, including but not limited to the Cybersecurity Law and Personal Information Protection Law. For personal information, we only process that to the extent necessary to perform the obligations under the subscription agreement, and take measures to protect the security of the data.
- *Refund.* We generally do not allow product returns after the users have commenced use of the product.

Our subscription agreements with users of SaaS business typically last for one year with renewal options. We may also customize the contract terms from time to time upon users’ specified requests. The following table sets forth a contract amount breakdown by subscription duration for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
12 months or below	454,377	348,861	539,841
12-24 months	52,606	72,183	148,456
Over 24 months	<u>44,894</u>	<u>82,982</u>	<u>39,718</u>
<b>Total</b>	<b><u>551,877</u></b>	<b><u>504,026</u></b>	<b><u>728,015</u></b>

### Compliance with the Advertising Law under the SaaS Business

Our Legal Advisor has advised that, under the Advertising Law, “advertisers” shall mean natural persons, legal persons or other organizations that design, produce or publish advertisements themselves or appoint others to do so to promote their goods or services, and “advertising operator” includes any natural person, legal person or other organization that provides advertisement design and production, or agency services to advertisers for their advertising activities. The Advertising Law imposes legal liabilities on both advertisers and advertising operators for the content of their advertisement, including but not limited to being responsible for the truthfulness or legality of the content of the advertisement. Our SaaS products typically generate and place content in the following ways: (i) the T-text function generates text content based on keywords input by the users and T Cloud automatically distributes such generated text content to various media platforms; (ii) the T-image and T-video functional modules enable users to edit and design images and videos, which may be used by

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the users as advertising materials, but such content cannot be automatically distributed to the audience; (iii) True Client enables our users to send their content to their WeChat contacts or group chats. As a result, where our SaaS products involve the provision of “advertisement design and production services” to users, we would be deemed as an “advertising operator” under the Advertising Law and shall assume correspondent legal liability. In addition, our users using our SaaS products, through AI-generated content modules, to design, produce, or publish advertising content would be deemed as “advertiser” under the Advertising Law and may be held jointly and severally liable with us for the damage caused to consumers or third parties if such AI-generated advertising content produced by our products violates the applicable laws. See “Risk Factors – Risks Related to our Business and Industry – We face potential liability and harm to our business based on the nature of our business and the content distributed by us.”

Under the subscription agreement for SaaS products, our users are responsible for the truthfulness and legality of the content published through our SaaS products. Our users bear full responsibility for any cause of actions arising out of the content provided or approved by them, and shall indemnify us in full for our damages, if any.

### **Pricing Model**

We primarily generate revenue from the subscription fees charged to users. During the Track Record Period, we charged subscription fee for our functional modules on the following three methods: (i) the users enjoy unlimited access within the subscription period, which apply to over half of our functional modules; (ii) charging by the number of accounts a user can operate. This method usually applies to functional modules that are designed to help individual sales and marketing staff to realize their goals. Enterprises are usually granted the access to a fixed number of accounts during the subscription period, and need to pay additional fees for obtaining the access to more accounts; and (iii) charging by usage within the subscription period. This method usually applies to functional modules that enable generation or distribution of marketing contents. After exceeding the fixed amount of usage included in the subscription price, users may purchase additional usage. We charge relatively low prices for the basic set of modules, and higher prices for modules that are more complex, applicable to various scenarios, as well as those with higher usage limits for certain features to bring more user value.

We structure our SaaS products by selecting and including different functional modules. Our standardized SaaS products, such as our T Cloud and True Client, have been widely recognized among our customers. Users may also choose to subscribe for one or several of our functional modules on a standalone basis, or add additional modules directly to the purchased packages. Users may procure customization service from us to develop or tailor functions to address their personalized demands.

We determine the standard prices for our functional modules and SaaS products taking into account of various factors, such as delivered customer value, type and number of functional modules subscribed for product package, costs and expected level of profits, our growth strategies, market condition and pricing strategies of industry peers. We do not offer

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any trial versions or free versions for our SaaS products. Currently, the annual subscription price of T Cloud ranges between RMB3,280 to RMB128,000, depending on the number of functions and service capacity. In addition, the annual subscription price for a single functional module is between RMB100 to RMB50,000. The True Client standard version generally charges RMB1,180 per account per year and a package includes at least five accounts. The professional version of True Client offers a package which ranges between RMB128,000 to RMB198,000. In addition, we offer various complex ancillary modules and value-added services to customers of professional versions. The package price of selected modules and services are discussed case by case, depending on the number of functions, service capacity and other factors. See “– True Client – Professional Version.” In practice, the subscription fees vary by contracts as most users subscribe our standard SaaS products with additional functional modules or customizations to better address their personalized needs. For example, in addition to the standard version of T Cloud, a user may also subscribe several functional modules with respect to sales management. According to Frost & Sullivan, the pricing model of our SaaS products is in line with the industry norm. We typically recognize revenue from SaaS business over time on a ratable basis over the contract term beginning from the date when the user account is activated and ready for use. See “Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition – SaaS Business.”

### PRECISION MARKETING

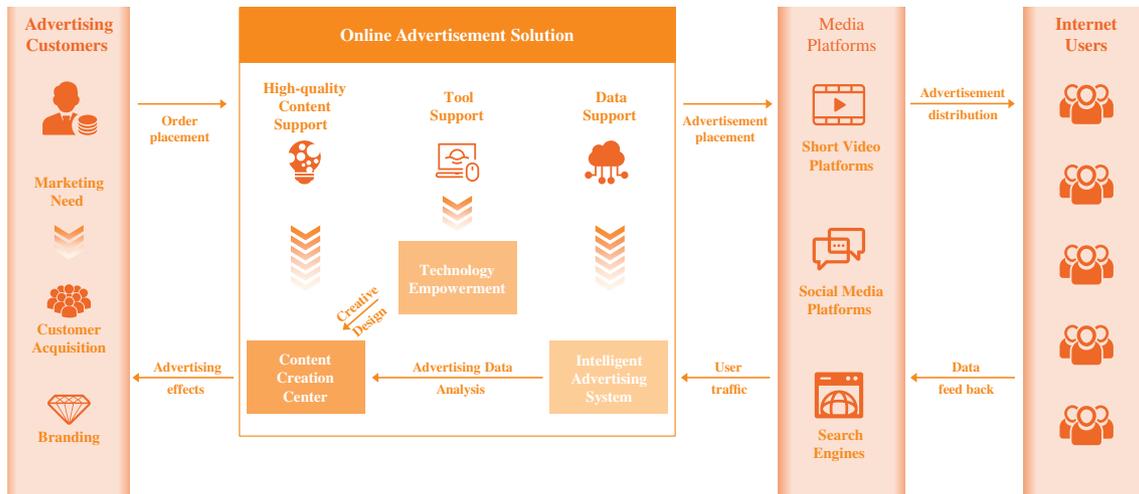
We offer advertising customers effective ways to optimize their marketing efforts, and our cooperation with highly-trafficked media platforms also enables our customers’ marketing activities to reach more potential consumers. Advertising customers of our precision marketing mostly come to us with the goals of enhancing their brand awareness or increasing online exposure of their products or services. Those customers target individual consumers and therefore, they usually prefer to distribute marketing contents across leading media platforms, such as short video distribution platforms and social media platforms, that have extensive audience base in China and high DAUs. These media platforms typically charge high traffic procurement costs for their advertisement placement services. Through effective marketing placement and ongoing monitoring and adjustment of marketing campaigns on leading media platforms, we help to improve our advertising customers marketing results and customer conversion efficiency. We offer two types of precision marketing services, namely, online advertisement solution services and online advertisement distribution services.

Similar to our SaaS business, our precision marketing business also leverages the features and functions of our proprietary technology infrastructure layer (including cloud computing and data analytic capabilities) offered through the Marketingforce platform, with the support of our self-owned data center, allowing us to more efficiently produce marketing content, perform real-time analyze marketing results and conduct ongoing adjustment of marketing campaigns, and ultimately enhance the return of marketing expenditures. We believe that our proprietary cloud computing and big data analytical capabilities are critical for improving the experience of our advertising customers, as they can effectively prevent the possible delays or slow responses in data transmission, analysis and optimization while using public clouds to provide marketing services.

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### Online Advertisement Solution Services

We provide one-stop, cross-media online marketing solutions for companies in a wide range of industries by designing, launching, monitoring and optimizing their advertisement campaigns, with a strategic focus on top media platforms. The flowchart below illustrates the key steps in our online advertisement solution services:



### Business Flow

- **Engagement with advertising customers.** Customers using our online advertisement solution services are mostly companies in new economy industries, such as gaming, e-commerce and online services. We generally enter into annual framework agreements with our customers for online advertisement solution services, who then place orders under such framework agreements for each campaign. Our legal and compliance department conducts an internal review of prospective customers – of their business qualifications, industry reputation, credit record and financial position – to avoid operational risks. We will only enter into an agreement with a prospective customer which has passed this review. In the meantime, we assist such customers with the submission of documentation to the targeted online platforms for their approval so as to open accounts in their systems.
- **Planning of advertising campaign and content production.** After signing an advertising campaign order with the customer, we collect information about advertising customers such as their background, market position, details of the goods and services they are promoting, consumer groups and marketing objectives. We then identify the target audiences, time and duration of the campaign, and create advertisements based on the customer’s specific requirements, advertising budget and requested KPIs. We would set out our recommended media platforms for carrying out marketing campaigns as part of our marketing plans. For our short

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video advertisements, we engage actors to film at our professional content production bases, and our in-house editors and post-production staff then tailor and customize the online short videos with special effects based on the customer's requirements. We run tests to check the effectiveness of our plans and make adjustments and/or improvements before officially launching the marketing program.

- ***Advertisement placement.*** We normally launch multiple programs for each advertising campaign. We mostly use videos to deliver in-feed native advertisements to consumers, which we believe can encourage higher levels of engagement from consumers. We also place advertisements online on various media platforms. We are responsible for advertisement placement and traffic acquisition on the targeted media platforms as agreed with our advertising customers. During the launch period, we frequently communicate with our customers regarding the number of impressions, clickthrough rates, order numbers, as well as operational details and strategies for the advertisement programs placed, and send monthly reports containing key operating data.
- ***Real-time analysis and optimization.*** After placement, the performance data would be transmitted to our technology infrastructure layer for real-time monitoring, analysis and storage. Based on the analysis of such data conducted through the cloud computing of our technology infrastructure layer, we would correspondingly further optimize our marketing campaigns by adjusting the marketing strategies and parameters including placement timing and audience coverage, as well as improving the advertisement content.
- ***Settlement.*** Our media platform partners typically issue invoices of traffic acquisition costs to us monthly based on advertisement performance data. We subsequently issue an invoice to our advertising customers on a monthly basis, quoting the actual traffic spend data reported by media platforms. As such, we charge our customers the traffic spend deducting the rebates. Our trading terms with advertising customers are mainly on credit, allowing them to settle payment after placing an order within a certain period of time.

### ***Content Production and Ad Performance Optimization***

We create original short video advertising content that is presented natively within the interface of the media platforms. Rather than being separate from the app, our videos are designed as native in-feed content to blend seamlessly with the overall interface and user experience.

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We have an in-house content production team enabling us to produce customized, appealing and attention catching video, text and photo content, which improves the marketing efficiency for our advertisers. We believe our content production capability is one of our core competencies that make us stand out in the industry in which we operate. Our in-house content production team creates custom video content to help our advertisers market their products or services. We believe our ability to produce high-quality content sets us apart from our competitors in the industry.

- ***Idea creation and filming.*** We start by coming up with creative ideas for the advertising campaign, based on the advertiser's specified needs. Our in-house scriptwriters turn the ideas into a script and we engage actors to film the videos.
- ***Video editing.*** Once filming is complete, our director and post-production team work together to select the best scenes and create the final video. This process includes editing video and sound, adding music and special effects, and adjusting colors.

We leverage our cloud computing capabilities and technology infrastructure, as well as our expertise in advertising campaign management to continuously monitor and analyze ad performance data and optimize campaign performance. We create advertiser accounts on the media platforms and manage those accounts on behalf of advertisers. We purchase traffic from media platforms and send ad creatives and campaign parameters to them. Media platforms then deliver advertisements to target audiences based on those campaign parameters.

Furthermore, we apply our data analytics capabilities to support the process of content production and distribution, delivering them to target audiences in a more precise manner.

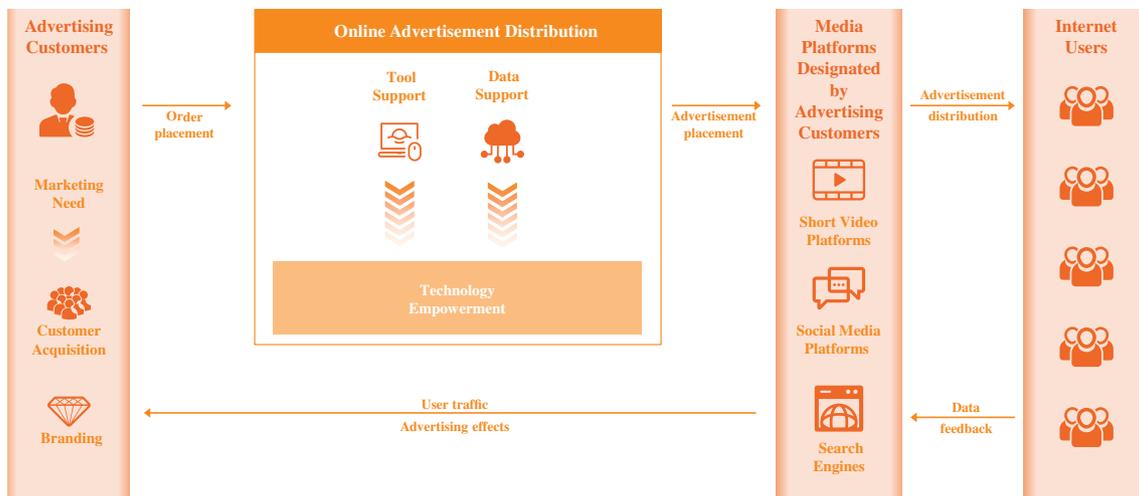
- ***Marketing results collection.*** Our advertising system creates a unique identifier for a potential consumer who clicks on our customer's advertisement. When the end consumer completes a transaction, the e-commerce platform sends the transaction information along with the identifier to our advertising system, allowing us to gather the results of marketing activities for our customers.
- ***Optimization.*** We optimize advertisement placement campaigns in real-time using AI algorithms to monitor and analyze ad performance data, such as views, impressions and click-throughs. We use this data to adjust budget allocation, target audience groups and advertising strategies to improve campaign performance.
- ***Performance evaluation.*** We evaluate the final performance of advertising campaigns, including their conversion rates and effectiveness. Our system generates reports and data that reflect the performance and impact of advertising campaigns. This data can inform future marketing plans and strategies.

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### Online Advertisement Distribution Services

We provide advertisement production and distribution services to certain advertising customers where we act as an agent, instead of a principal, and place advertisements on their behalf and through their respective advertising accounts, on the media platforms designated by our customers. We also provide advertisements account charging service to customers upon the request from customers. While we generally do not provide any guarantee on marketing effect and the customers decide which media platforms would be used for distributing marketing content in this case, we would, in parallel, offer built-in cloud-backed tools which are developed, operated, updated and maintained on our technology infrastructure layer, at the customers’ option. When an end consumer clicks on an advertisement that we place on media platforms, our tools can detect whether the end consumer watched a marketing video in full, and whether the click resulted in a purchase. This information is acquired without any personal data being collected, and is sent back to the media platforms to improve the accuracy of targeted advertising. Leveraging our cloud computing technology empowered by our technology infrastructure layer, we are also able to analyze the marketing data of similar advertisers, which would inform and facilitate our provision of online advertisement distribution services.

The flowchart below illustrates the key steps in our online advertisement distribution services:



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### **Pricing Model**

Media platforms charge us for advertisement inventories based on different pricing models, including (i) CPC, or cost per click, under which we are charged when audiences click on the advertisements we place; (ii) CPM, or cost per mille, under which we are charged based on one thousand impressions of the advertisement; and (iii) CPT, or cost per time, under which we are charged based on the duration of the advertisement's placement. The total cost charged by media platforms is calculated by the amount and unit price of ad inventories. Under CPC and CPM models, the price of ad inventories is determined by real-time quotation systems on media platforms at the time of each placement. Our operating staff, on behalf of the advertising customers, would set the maximum prices for displaying the advertisement programs on media platforms. The monetary value we place with media platforms is considered gross billing once internet users click on the advertisements. Under CPT model, advertising is paid on a fixed price for a given period. We charge advertisers, or advertising agencies acting on behalf of their respective advertisers, for our precision marketing services based on the same pricing model, without a markup, at the same prices as media platforms charge us, which is in line with the industry norm, according to Frost & Sullivan. For online advertisement solution services, the payment is subject to advertising budget and requested KPIs as agreed with our customers. We primarily generate profit from the rebates obtained from media platforms, minus the rebates we grant to our customers. See "– Rebates."

### **Revenue Recognition**

#### *Gross Basis*

We are considered as a principal under online advertisement solution services, and recognize revenue earned and costs incurred related to these transactions on a gross basis, primarily because (i) we are responsible for delivering the integrated advertising solutions to the advertisers, taking the lead in producing advertising contents, formulating advertisement campaigns and acquiring traffic from media platforms; and (ii) in addition to providing specified services, we typically agree with advertising customers on certain KPIs, such as maximum unit costs of advertising. We regularly assess the performance of advertising campaigns. If an advertising campaign does not meet the predetermined performance indicators, customers have the option to request compensation in the form of reduced payment. As a result, we assume certain risks of loss when the costs incurred for online advertising solutions exceed our committed level. While we do not separately charge our customers the costs in respect of the planning and content production services, we take such costs into consideration when granting rebates to customers. Such arrangement encourages us to produce better contents and make ongoing adjustment to the marketing activities from time to time, improving our customers' marketing results.

Under the gross basis model, we charge our customers based on the traffic procured under the pricing mechanisms adopted by media platforms to charge us for the traffic acquisition costs, subject to advertising budget and KPIs requested by our customers. We offer customers rebates as incentives to encourage them to use our services, which are calculated under a

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predetermined mechanism. Media platforms also grant us a certain amount of rebates. See “– Rebates.” We recognize service fees received from customers as revenue, and traffic acquisition payments paid to the media platforms as costs. In addition, the rebates obtained from the media platforms are recognized as reduction of cost of sales, and rebates offered to the advertisers are recognized as deduction of revenue.

The chart below sets forth the fund flow of our online advertisement solution services:



*Notes:*

- (1) Traffic procurement costs with our customers are typically settled in 30 to 90 days. The trade receivables turnover days, primarily reflecting our collection under the gross basis model, were 48, 33 and 38 days in 2021, 2022 and 2023, respectively.
- (2) Traffic procurement costs with media platforms are typically settled monthly.

### ***Net Basis***

We usually adopt CPC and CPM in online advertisement distribution services, and adopt CPT to a lesser extent. We are deemed to be an agent under such arrangement, because (i) our advertising customers designate the media platforms and period of time for advertisement placement, and we mainly act as an intermediary connecting the advertising customers with media platforms; and (ii) while we may produce the advertising contents for our customers, we do not guarantee their marketing results, nor do we agree on any committed level of unit costs of advertising. As such, we do not take on any inventory risk.

As a result of foregoing reasons, we report the amount received from the customers and the amounts paid to the media platforms related to transactions under online advertisement distribution services on a net basis. Similar to the gross model, we offer customers rebates as incentives, which are calculated on a predetermined percentage, and media platforms grant us a certain amount of rebates. We recognize the amount of rebate granted by media platforms as revenue. Similar to the gross basis, rebates granted by us to customers are recognized as a deduction of revenue. In line with the industry norm, we sometimes make payments to media platforms on behalf of our customers before receiving the payment from them. Such payments on behalf of customers are recognized as other receivables. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Prepayments, Other Receivables and Other Asset (Current).”

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The chart below sets forth the fund flow of our online advertisement distribution services:



Notes:

- (1) Traffic procurement costs with our customers are generally settled in up to 210 days. The turnover days of other receivables in relation to prepayments on behalf of advertisers to third parties, reflecting our collection under the net basis model, were 64, 75 and 90 days in 2021, 2022 and 2023, respectively.
- (2) Traffic procurement costs with media platforms are typically settled monthly.

### Rebates

The standard rebates we receive from media platforms are typically based on a predetermined percentage of customers’ actual traffic spend on the relevant media platforms through us, and are settled on a monthly or quarterly basis. We receive rebates from media platforms (i) in the form of prepayments for purchases of advertising traffic; (ii) to net off the trade payables we owe to them; or (iii) in cash, calculated primarily based on our gross spending of traffic acquisition costs. Such rebates granted in the form of prepayments can be applied by us for future purchases of traffic from the relevant media platform. In addition to the standard rebates, media platforms also grant us additional progressive rates which are determined by platforms taking into account a combination of factors, such as our gross spending expected to be incurred based on our historical performance, and various KPIs associated to advertising activities. Such rebates are typically settled on a quarterly or annual basis, calculated based on our actual gross spending of the relevant period. According to Frost & Sullivan, the rebates arrangements with the media platforms is in line with industry practice.

We grant rebates to advertising customers to incentivize and encourage them to use our services. Such rebates are recognized as deduction of revenue. According to Frost & Sullivan, it is common industry practice to incentivize advertisers who use our precision marketing services. We determine the rebate rate given to each advertiser based on a variety of factors, such as the advertiser’s estimated gross billing and their business prospects, and the total rebates we expect to receive from the media platform in a given year. In addition, we take into consideration the costs in respect of the planning and content production services mostly incurred under the online advertisement solution services. Rebates granted to advertising customers are typically settled on a monthly basis, netting off the receivables from advertising customers.

As a result, our profitability for both online advertisement solution services and distribution services depends on the rate of rebates received from media platforms and granted to customers. Under the gross basis model, we recognize the difference between rebates received from media platforms and granted to customers, less other costs of services mainly

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including labor costs, as gross profit. Under the net basis model, we recognize the difference between rebates received from media platforms and granted to customers as revenue, and recognize such difference, less other costs of services, as gross profit.

The table below sets forth the rebate rates we received from media platforms and granted to our customers during the Track Record Period:

	Year ended December 31,		
	2021	2022	2023
<b>Online advertisement solution services:</b>			
Average rebate rate received from media platforms <sup>(1)</sup>	9.3%	8.2%	6.4%
Average rebate rate offered to customers <sup>(2)</sup>	6.9%	6.7%	4.7%
Net rebate rate <sup>(3)</sup>	2.4%	1.5%	1.6%
<b>Online advertisement distribution services:</b>			
Average rebate rate received from media platforms	7.7%	6.7%	5.8%
Average rebate rate offered to customers	5.9%	5.2%	4.5%
Net rebate rate	1.8%	1.5%	1.4%

*Notes:*

- (1) Average rebate rate received from media platforms equals to total rebates received from media platforms for the relevant year divided by total traffic spend to media platforms for the relevant year.
- (2) Average rebate rate offered to customers equals to total rebates offered to customers for the relevant year divided by total traffic spend to media platforms for the relevant year.
- (3) Net rebate rate is the difference between our average rebate rates received from media platforms and offered to customers for the relevant year.

According to Frost & Sullivan, the market we operate in is highly competitive with price of online traffic continuously increasing. The average rebate rate we received from media platforms generally decreased during the Track Record Period. We regularly review the overall profitability of our precision marketing business, including the operation status and credit risk of customers under online advertisement solution services and distribution services. During the Track Record Period, the net rebate rate for online advertisement solution and distribution services fluctuated, mainly affected by (i) the different rebate policies of media platforms as we diversified our media platform bases and increased spending with them; (ii) a general decrease in the average rebate rate received from media platforms as the competition intensified across the industry, as confirmed by Frost & Sullivan; and (iii) our efforts to pass on the movement in cost to our customers by adjusting the rebate rates granted, aiming to maintain profitability. We consider the costs of planning and content production services as

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well as the expected total billing when determining rebate rates for customers of online advertisement solution services; however, we may nonetheless offer higher rebate rates to these customers who normally have a higher average gross billing compared to those of distribution services, as an incentive to increase their purchase of our services. As a result, we had similar net rebate rates for online advertisement solution services and distribution services in 2022 and 2023. Going forward, as the solution services generally involve more labor inputs and relatively higher inventory risk, we may adjust the type of services provided with a view to improving operation stability and maximizing the efficiency of resources investment.

As advised by the PRC Legal Advisor, pursuant to the PRC Anti-Unfair Competition Law, a company may, in their transaction activities, explicitly give discount to a transaction counterparty, provided that both the company and the receiving counterparty record the discount in their accounts truthfully. To our best knowledge, our receipt of rebates from media partners under the precision marketing services is in compliance with the applicable PRC laws, including but not limited to anti-bribery law. For further details on our revenue recognition policy and the rebates that we grant to advertising customers and those that online media platforms grant to us, see "Financial Information – Critical Accounting Policies and Estimates – Revenue Recognition."

### **Advertising Customers**

We serve a diverse base of advertising customers across a variety of industries. During the Track Record Period, we typically establish direct business relationships with companies with actual marketing demands, which we deem as our direct advertising customers. Direct advertising customers usually heavily involve us in their marketing process, using our marketing services including, without limitation, product positioning, the formation of marketing strategies, content production, marketing program construction, advertisement placement and ongoing optimization. While providing online marketing services to direct customers, we maintain close communication with them to gain understanding of their business and marketing demands, with customized marketing strategies made to address their requests. We believe that our close connections with direct advertising customers demonstrate the attractiveness of our marketing optimization capabilities and customer services to them. Direct contact with customers can also provide them with better user experience and enhance customer loyalty. During the Track Record Period, we also dealt with some channel customers, primarily including advertising agencies and online traffic channel agencies, which entered business relationships with us on behalf of their advertising customers. In 2021, 2022 and 2023, the number of advertising customers we served reached 845, 998 and 1,042, respectively.

We typically enter into annual framework agreements with our advertising customers. Salient terms of the agreement primarily include:

- (i) *Duration.* An initial term of one year subject to renewal upon the consent of both parties, by automatic renewal or renewal upon written notice;

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- (ii) *Our services.* Services to be provided by us under the online advertisement solution services include marketing campaign design, marketing campaign optimization, advertisement back-end management, and analytics and reporting of marketing performance. Under the online advertisement distribution services, we place advertisements on the customers’ behalf or charge advertisement accounts for our customers. In both service models, we open advertisement accounts on behalf of our customers on various media platforms, and top up these accounts as well as managing the distributed content through the account management system of the media platforms;
- (iii) *Pricing method.* See “– Online Advertisement Solution Services” and “– Online Advertisement Distribution Services” for details;
- (iv) *Settlement method.* Our advertising customers make prepayments for orders, or settle the payment after placing an order within a certain period of time;
- (v) *Content review.* We are entitled to review and help amend the distribution contents for legal purposes. Our advertising customers are obligated to cooperate to amend the contents accordingly.

### **Compliance with the Advertising Law under the Precision Marketing Services Business**

Our Legal Advisor has advised that under the Advertising Law, where an advertising operator provides advertising design, production, or agency services with respect to an advertisement, it shall ensure that the advertisement that it prepares or distributes is true and in compliance with applicable laws, rules and regulations. For instance, it shall ensure that such advertisement does not contain prohibited content (such as superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination, infringement of the public interest or detrimental to the health of minors or individuals with disabilities), does not contain products for which advertisements are prohibited or restricted (for instance, anesthetics, psychotropic substances, toxic or radioactive drugs, breast milk substitutes, tobacco, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics, and other products the production and sale of which are either prohibited or subject to specific restrictions and requirements) and does not infringe the legal rights and interests of third parties. In case of the violation of the above or where the advertising operator knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator’s advertising revenue derived from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or in certain serious circumstances suspend its business or revoke its business licenses. Such advertising operators may be held jointly and severally liable with the advertiser for the damage thus caused to consumers or third parties. Under the Advertising Law, “advertising operator” includes any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities. For both online advertisement solution services and online advertisement

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distribution services, we create the marketing content for our customers from time to time, and deploy advertisements on third-party media platforms, who will then distribute the advertisement to the audience. As our marketing solutions and our business involve the provision of “advertisement design, production, and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law, and may bear liabilities under the Advertisement Law and other laws for the advertisement content.

Under our agreement with advertising customers, our customers are responsible for the truthfulness and legality of the content published, as we generate the content at the customers’ request, and distribute the content upon the customers’ approval. Therefore, our advertising customers bear full responsibility for any cause of actions arising out of the content provided or approved by them, and shall indemnify us in full for our damages, if any. See “Risk Factors – Risks Related to our Business and Industry – We face potential liability and harm to our business based on the nature of our business and the content distributed by us.”

We primarily rely on media platforms to ensure the accuracy of the advertisement performance data they provide, principally the number of clicks, number of impressions, gross traffic spend and conversion rate. During the Track Record Period, we purchase substantially all of our user traffic from leading media platforms in China with leading positions in their markets and proven track records, and which we believe are equipped with advanced technologies to accurately track and record advertisement performance data. Both our customers and we reserve the right to engage independent third-party entities to verify the performance data or traffic spend reported by media platforms if there is any question or disagreement. According to Frost & Sullivan, it is an industry practice that online marketing service providers do not employ anti-click fraud mechanisms but reserve the right to engage independent third-party data tracking platforms to independently verify advertisement performance data in the event that an online marketing service provider or its customer identifies any unusual traffic or performance results. During the Track Record Period and as of the Latest Practicable Date, there have been no material disputes between our customers, media platforms and us regarding performance data verification.

### Media Platforms

We acquire traffic from our media partners to place advertisements for our advertising customers. We strategically focus on covering top media publishers in China and overseas and have established direct relationships with them, including Supplier A, a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. See “ – Suppliers – Our Relationship with Supplier A.”

We typically enter into annual framework agreements with media platforms. The salient terms of such agreements generally include:

- (i) *Duration*. An initial term of one year subject to renewal upon the consent of both parties, by automatic renewal or renewal upon written notice;

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- (ii) *Pricing, payment method and settlement period.* Our agreement with media platforms prescribes the pricing basis for traffic acquisition. The actual traffic spend data reported by media platforms are normally used as the basis for settlement. We are generally entitled to engage an independent third-party advertisement verification service provider to monitor and verify the traffic. Under the agreement with media platforms, we open and operate accounts for our advertising customers. We are responsible for topping up these accounts before placing the advertisements, and usually arrange settlement on a monthly basis upon confirmation with the media platforms of the actual gross spending of traffic acquisition costs;
- (iii) *Confidentiality.* Except as otherwise provided by laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms;
- (iv) *Advertising contents.* We owe an obligation to conduct a background review to ensure that our customers are qualified advertising customers. We are responsible for ensuring that the contents to be placed on media platforms is not false, fraudulent or misleading, does not violate any applicable laws, regulations or the internal policies of media platforms, and does not infringe any third party's rights; and
- (v) *Policy amendment.* Media platforms enjoy the right to unilaterally amend their policies due to commercial or regulatory compliance needs, including, but not limited to, policies on platform access, advertisement design standards, advertisement review, and guarantee deposit.

### *Major Media Platforms*

We primarily purchase traffic directly from media platforms, and to a lesser extent, from agents of these platforms. The following tables set forth details of our major media platforms in terms of annual gross spending during each year of the Track Record Period:

#### **For the year ended December 31, 2021**

<b>Rank</b>	<b>Media platform</b>	<b>Background</b>	<b>Gross spending (RMB in thousands)</b>	<b>Percentage of total gross spending (%)</b>
1	Media Platform A	A short video distribution platform operator	3,769,849	82.8

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<b>Rank</b>	<b>Media platform</b>	<b>Background</b>	<b>Gross spending</b> <i>(RMB in thousands)</i>	<b>Percentage of total gross spending</b> <i>(%)</i>
2	Media Platform D <sup>(4)</sup>	An online communication and social media service provider	366,339	8.0
3	Media Platform E <sup>(5)</sup>	A digital marketing platform operator	124,525	2.7
<b>Total</b>			<b><u>4,260,713</u></b>	<b><u>93.5%</u></b>

**For the year ended December 31, 2022**

<b>Rank</b>	<b>Media platform</b>	<b>Background</b>	<b>Gross spending</b> <i>(RMB in thousands)</i>	<b>Percentage of total gross spending</b> <i>(%)</i>
1	Media Platform A	A short video distribution platform operator	4,591,634	79.4
2	Media Platform D	An online communication and social media service provider	686,623	11.9
3	Media Platform E	A digital marketing platform operator	312,970	5.4
<b>Total</b>			<b><u>5,591,227</u></b>	<b><u>96.7%</u></b>

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**For the year ended December 31, 2023**

Rank	Media platform	Background	Gross spending (RMB in thousands)	Percentage of total gross spending (%)
1	Media Platform A	A short video distribution platform operator	5,372,561	86.4
2	Media Platform D	An online communication and social media service provider	345,694	5.6
3	Media Platform E	A digital marketing platform operator	375,998	6.1
<b>Total</b>			<b>6,094,253</b>	<b>98.1</b>

*Notes:*

- (1) Media Platform A, or Supplier A, was our largest supplier in each year comprising the Track Record Period. Media Platform A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China’s mobile internet market.
- (2) Media Platform B, or Supplier H, established in Shanghai in 2009 with a registered capital of US\$1 million, is a foreign-invested advertising company. Media Platform B’s ultimate holding company, which operates a world’s leading search engine platform, primarily focuses on online advertising, search engine technology, cloud computing and certain AI related services, and was listed on the Nasdaq Stock Market in 2004.
- (3) Media Platform C was established in 2012 in Luzern, Switzerland. Media Platform C’s ultimate holding company, which is one of the largest European internet companies and the leading search provider in Russia with total revenues of RUB356,171 million in 2021, was listed on the Nasdaq Stock Market in 2011.
- (4) Media Platform D, or Supplier F, was established in Beijing in 2014 with a registered capital of RMB5 million. Media Platform D’s ultimate holding company is a leading global internet and technology company primarily providing online communication and social media services with total revenues of RMB554,552 million in 2022, and was listed on the Hong Kong Stock Exchange in 2004.
- (5) Media Platform E, established in Hangzhou in 2014 with a registered capital of RMB2 million, is a China’s leading digital marketing platform operator which matches the marketing demands of merchants, brands and retailers on its e-commerce platform. Media Platform E’s ultimate holding company was listed on the Hong Kong Stock Exchange in 2019 with total revenues of RMB24,776 million in 2022, with its American Depositary Shares listed on the New York Stock Exchange in 2014.

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During the Track Record Period, the advertising traffic costs on media platforms contributed to 86.7%, 89.4%, and 83.2% of our total cost of sales in 2021, 2022 and 2023, respectively, primarily representing the traffic procurement costs for our online advertisement solution services. According to Frost & Sullivan, for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90%-99% of cost of services. See “Financial information – Description of Major Components of Our Results of Operations – Cost of Services” for details.

### Key Operating Data

The following table sets forth certain key operating data of our precision marketing services for our major media platforms:

	Year ended December 31,		
	2021	2022	2023
Number of impressions <i>(in millions)</i>	175,972	267,870	395,373
Number of clicks <i>(in millions)</i>	3,659	5,911	10,281
Click-through rate (%) <sup>(1)</sup>	2.08%	2.21%	2.60%
Number of advertising customers	845	998	1,042

*Note:*

- (1) Click-through rate is calculated as the total number of clicks divided by the total number of impressions. According to Frost & Sullivan, our click-through rate during the Track Record Period was generally in line with the industry average, which typically ranges from 2% to 3%.

We offered service to 8, 3 and 2 customers for our online advertisement solution services in 2021, 2022 and 2023, with an average spending per advertising customer reaching RMB44.4 million, RMB176.4 million and RMB223.0 million during the same years, respectively. In 2023, we strategically focused on high valued customers and committed to providing quality service to them. As such, the number of our customers for online advertisement solution services decreased from 8 in 2021 to 3 in 2022 and further to 2 in 2023, whilst we managed to achieve higher average spending per customer, resulting in the growth of revenue from online advertisement solution services from RMB44.4 million in 2021 to RMB176.4 million in 2022 and further increased to RMB223.0 million in 2023. For online advertisement distribution services, we served 837, 995 and 1,040 customers with an average spending per advertising customer of RMB5.1 million, RMB5.4 million and RMB5.6 million in 2021, 2022 and 2023, respectively. We measure the operational efficiency primarily in terms of click-through rates, which remained relatively stable during the Track Record Period.

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The following table sets forth a breakdown of our selected financial indicators generated from our precision marketing services by service types:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Online advertisement solution services</b>			
Gross billing	355,330	529,158	445,033
Revenue	355,330	529,158	445,033
Cost of services <sup>(1)</sup>	346,870	521,216	437,685
Gross profit <sup>(2)</sup>	8,460	7,942	7,348

*Notes:*

- (1) Cost of services under online advertisement solution services consist of advertising traffic charges from media platforms (netting off the rebates from media platforms), staff costs and tax surcharges. Rebates from media platforms are recognized as reduction of cost of services, amounting to RMB35,398 thousand, RMB46,231 thousand and RMB29,683 thousand in 2021, 2022 and 2023, respectively.
- (2) Gross profit under online advertisement solution services reflects the difference between rebates received from media platforms and rebates granted to our customers, subject to adjustments in relation to advertising budget and KPIs, less other cost of services mainly including staff costs.

The gross profit of our online advertisement solution services decreased from RMB8.5 million in 2021 to RMB7.9 million in 2022, primarily due to an increase in the cost of traffic acquisition in 2022. According to Frost & Sullivan, due to the macro economy volatility and the COVID-19 pandemic, precision marketing service providers encountered industry-wide rising costs and could not pass costs to advertising customers due to a tighter control over advertising budgets of such customers, thus experiencing a decrease in gross profits. The gross profit of our online advertisement solution services decreased from RMB7.9 million in 2022 to RMB7.3 million in 2023, primarily due to the decrease in the number of advertising customers for online advertisement solution services.

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Online advertisement distribution services</b>			
Gross billing	4,291,377	5,346,731	5,863,040
Less: Advertising traffic costs <sup>(1)</sup>	4,208,118	5,262,990	5,778,331
Revenue	83,259	83,741	84,709
Cost of services <sup>(2)</sup>	9,004	4,330	2,030
Gross profit <sup>(3)</sup>	74,255	79,411	82,679

*Notes:*

- (1) Costs under online advertisement distribution services consist of advertising traffic charges from media platforms (netting off the rebates from media platforms). Rebates from media platforms are recognized as reduction of advertising traffic cost, amounting to RMB350,964 thousand, RMB376,161 thousand and RMB358,864 thousand in 2021, 2022 and 2023, respectively.

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- (2) Cost of services under online advertisement distribution services consist of staff costs and tax surcharges.
- (3) Similar to online advertisement solution business, gross profit under online advertisement distribution services reflects the difference between rebates received from media platforms and rebates granted to our customers, less other cost of services mainly including staff costs and tax surcharges.

Cost of services of our online advertisement distribution services decreased from RMB9.0 million in 2021 to RMB4.3 million in 2022, primarily attributable to a decrease in staff costs of online advertisement distribution services, which resulted from a decrease in the number of employees for our online advertisement distribution services during the COVID-19 pandemic. Cost of services of our online advertisement distribution services decreased from RMB4.3 million in 2022 to RMB2.0 million in 2023, primarily attributable to a decrease in the staff costs.

## SALES AND MARKETING

Our sales efforts are focused on deepening relationships with existing customers, developing relationships with new and potential customers, and exploring untapped business opportunities. We have separate direct sales management systems, including independent sales teams and local offices, for each of our SaaS and precision marketing businesses. As of December 31, 2023, we had a sales team of 857 full-time employees for our SaaS business, and a sales team of 44 full-time employees for our precision marketing business. As of the same date, we mainly operate through local sales offices in 23 cities for SaaS business and three for precision marketing business, respectively.

### SaaS Business

#### *Direct Sales Team*

Our sales force focuses mainly on developing local enterprises in the cities where our sales teams are based. To expand our marketing and sales SaaS business, we have established direct sales offices in 23 cities in China, such as Shanghai, Wuxi, Shenzhen, Guangzhou and Chengdu, covering the Yangtze River Delta, the Pearl River Delta, southeast region and other regions with great economy development potentials. While we typically operate through a single sales office in each city, in cities with a large potential user base, such as Shanghai and Wuxi, we have multiple sales offices to cater to different types of users with diverse needs, preferences and spending levels. For example, we serve customers with a contract value exceeding RMB100,000, who may require more advanced features to facilitate their business needs, through one of the entities. In addition, we set up sales offices for users who are also customers of our precision marketing business, who typically purchase our SaaS products for their overseas businesses and have unique needs to address. We believe that this strategy allows for a more specialized approach which is beneficial for improving sales efficiency. As of January 1, 2021, we had 23 sales offices in 14 cities. In 2021, 2022 and 2023, we opened eight, one and nil new sales offices in eight, one and nil cities, respectively, all of which are used for our marketing and sales SaaS business. In 2022, we established our second headquarters in

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Wuhan, as part of our efforts to expand into more geographical area to better engage and maintain SaaS users. According to Frost & Sullivan, it is common for SaaS companies to deploy local sales offices and personnel to promote and sell their products, as it is necessary and effective to have in-person communications where enterprises can fully understand the value, highlights and operation methods of the key features of SaaS products, which usually are not intuitive through online promotion. By leveraging our local presence and close connections with customers through these sales offices, we have expanded our customer base and increased their spending with us.

The following table sets forth the number of users and corresponding newly signed subscription contract value attributable to the new sales offices opened during the Track Record Period:

**Number of new users<sup>(1)</sup>:**

Time of establishment	Number of new sales offices	Year ended December 31,		
		2021	2022	2023
2021	8	440	690	749
2022	1	–	746	2,115
2023	–	–	–	–

**Newly signed subscription contract value<sup>(2)</sup>:**

Time of establishment	Number of new sales offices	Year ended December 31,		
		2021	2022	2023
		<i>(RMB in thousands)</i>		
2021	8	7,407	13,177	16,175
2022	1	–	64,355	299,476
2023	–	–	–	–

*Notes:*

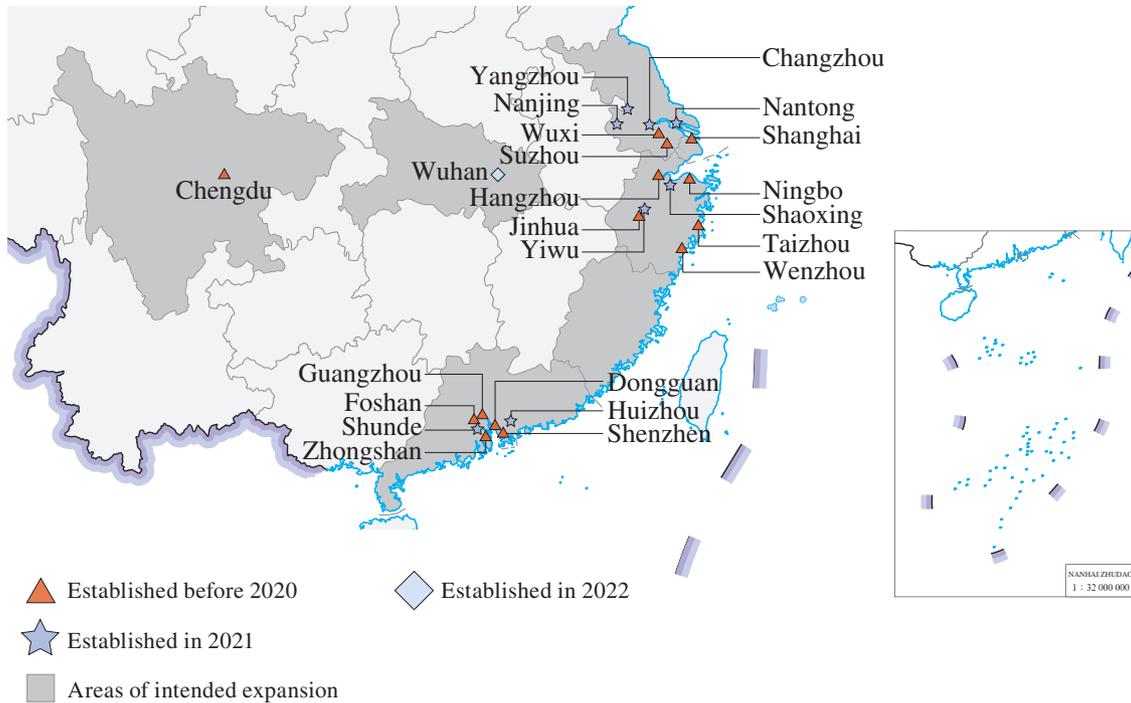
- (1) Users who had not purchased our SaaS products previously and entered into contracts with these sales offices for the first time in a given year.
- (2) Subscription contract value incurred in a given year.

While it generally takes time for newly opened sales offices to ramp up their performance, engage new users and establish customer relationships, these offices had demonstrated an increase in the average contract value for their new users, showing our strengthened customer service capabilities by approaching the local businesses. Meanwhile, our Wuhan headquarters

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focuses on relatively larger-scale businesses with greater purchasing power and demand for more extensive features, resulting in higher average spending. Going forward, we plan to primarily strengthen the sales force in existing offices to further expand customer and geographical coverage and improve their sales performance. See “Future Plans and Use of [REDACTED] – Use of [REDACTED].”

The following regional map of China illustrates the location of our sales offices for SaaS business as of December 31, 2023.



We typically award our direct sales staff monthly incentives based on their performance. For example, we grant our direct sales staff an incentive based on the newly signed subscription contract value for the standard version of T Cloud and True Client, at a rate primarily ranging from 10% to 30%. In addition, we award our direct sales staff certain incentives for renewals of each contract of their relevant existing customers at a reduced rate. The compensation for our direct sales persons primarily comprises (i) base salary, (ii) performance-based bonus granted to managers and directors, the amount of which is determined by the team performance, and (iii) commission granted to salesperson, determined primarily based on new contracts concluded and, to a lesser extent, renewal of existing customers. We granted performance-based bonus to direct sales team of RMB7.0 million, RMB3.5 million and RMB2.9 million in 2021, 2022 and 2023, respectively, and the total sales commission amounted to RMB18.1 million, RMB17.4 million and RMB20.0 million for 2021, 2022 and 2023, respectively. The increases in incentives in 2023 was mainly attributable to our increased number of new SaaS users.

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### *Channel Partners*

While we sell our SaaS products primarily through our in-house direct sales force, we also employ a channel partnership model and sell SaaS products to regional channel partners, who are responsible for receiving orders and collecting payments from the relevant users. We do not enter into sales agreements with channel partners’ clients. Under the channel partnership model, channel partners assist us with marketing and promoting our SaaS products to users.

The following table sets forth our SaaS product segment revenue breakdown by sales channel for the years indicated:

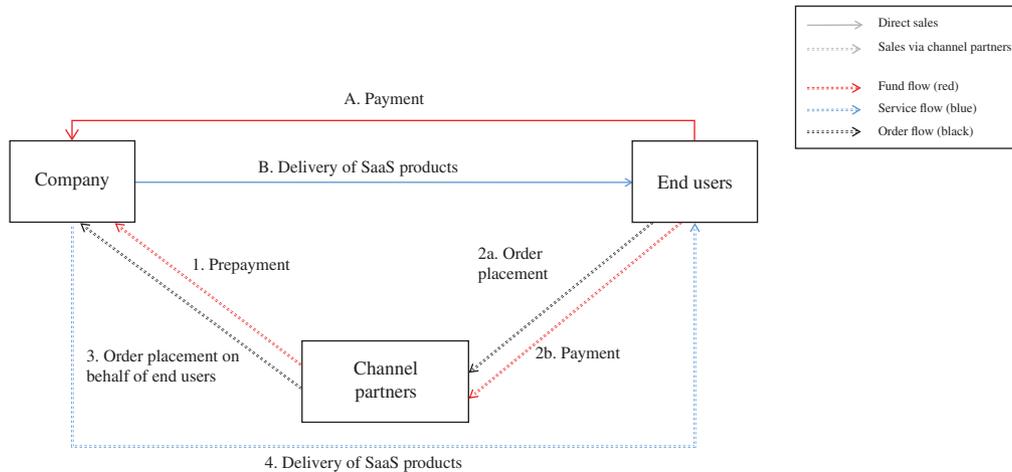
	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentage)</i>					
Direct sales	395,011	90.1	483,380	91.2	653,294	93.0
Channel partners	43,631	9.9	46,497	8.8	49,084	7.0
<b>Total</b>	438,642	100.0	529,877	100.0	702,378	100.0

Our regional channel partners act as our agents for the sales of our SaaS products. This is primarily because our SaaS products do not require any substantive implementation or other services independently provided by our regional channel partner and we are responsible for operating and maintaining the cloud infrastructure on which our SaaS products and related services are premised, regardless of whether such SaaS products are sold through our direct sales force or regional channel partners. Accordingly, we recognize revenues generated from sales of our SaaS products through our regional channel partners at the gross amounts billed to end users, and the commission expenses paid to such regional channel partners are recognized as part of our selling and marketing expenses. According to Frost & Sullivan, it is standard industry practice to engage local channel partners to market in the SaaS industry in China.

Our channel partners are typically enterprise service providers whose principal business activities include delivering training, counselling and intellectual property services to a wide range of small- and medium-scaled enterprises. We engage these channel partners primarily to leverage their customer base, who are also our potential customers. According to Frost & Sullivan, marketing and sales SaaS solution providers often partner with enterprise service providers as channel partners. These providers do not consider the sale of marketing and sales SaaS products as contradictory to their principal services and typically offer them as part of their value-added services, as these products also help their customers improve operational efficiencies and address difficulties faced during business processes.

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The following chart illustrates the transaction flow through direct sales and sales via our channel partners:



### *Transaction process with channel partners:*

1. The channel partner makes a one-time upfront prepayment for future supply of our SaaS products. We require such prepayment as a form of security deposit to demonstrate channel partners’ commitment to cooperating with us, as we would incur time and economic expenses to conduct training sessions for them. The prepayment amount varies with the geographical locations of channel partners and generally ranges from RMB50,000 to RMB150,000. According to Frost & Sullivan, the prepayment arrangements between us and channel partners and the relevant amounts are in line with the industry norm.
2. The channel partners are responsible for procuring end users, who place orders with the channel partner, and pay for the SaaS products according to the price list we provide to the channel partner.
3. The channel partner places an order with us on behalf of the end user.
4. We are responsible for delivering the SaaS products to the end user and activating the user account. We then deduct the amount paid by the end user minus commission from the channel partner’s outstanding prepayment balance.

We have an extensive network of channel partners. We had 115, 119 and 191 channel partners as of December 31, 2021, 2022 and 2023, respectively. As of December 31, 2023, our channel partner network covered 118 cities in 29 provinces. We believe the network effect of our large channel partner base will help us attract new users and promote our products and services in a cost-effective manner. We select our channel partners based on various criteria, including the competence and experience, and sales resources, among others. To the best of our knowledge, all of our channel partners are Independent Third Parties.

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The following table sets forth the number of our channel partners and its changes in the years indicated:

	<b>As of/Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of channel partners at the beginning of the year	76	115	119
Addition of new channel partners	88	69	111
Departing channel partners	49	65	39
Net increase/(decrease) of channel partners	39	4	72
Number of channel partners at the end of the year	115	119	191

During the Track Record Period, we continued to enhance our channel partner management and engaged new channel partners in line with our expansion of sales network. We discontinued cooperation with 49, 65 and 39 channel partners in 2021, 2022 and 2023, respectively, mainly due to their unsatisfactory sales performance. We generally allow the refund of the remaining prepayment for unplaced orders when the cooperation is terminated. The one-time upfront prepayment paid by our channel partners amounted to RMB22.4 million, RMB12.7 million and RMB27.8 million in 2021, 2022 and 2023, respectively. The decrease in amount of prepayment from 2021 to 2022 was primarily due to fewer new channel partners engaged in that year. This was because the sales and marketing activities of channel partners were disrupted due to the pandemic control measures, making it difficult for them to attract and retain customers. The increase in the amount of prepayment in 2023 was in line with increase of channel partners from our expanding business and sales efforts.

### ***Sales Agreement with Channel Partners***

Salient terms of our channel partner agreement include the following:

- *Term of cooperation, renewal and termination.* The channel partner agreement typically has a term of one year and will automatically renew for another one year if neither party elects to terminate. We are entitled to terminate the agreement if the channel partner breaches its obligations or fails to reach the agreed sales targets.
- *Designated marketing and sales area.* We designate the geographical area within which our channel partners are allowed to market and sell our products and services. A channel partner is generally not allowed to market and sell outside its designated area.
- *Sales targets.* Channel partners are required to reach quarterly sales targets tailored to different cities in China as specified in the agreement. Should channel partners fail to meet their sales targets, we may downgrade such channel partners or discontinue our business relationship with them.

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- *Deposit.* We charge our channel partners a fixed amount of deposit which is refundable once the agreement terminates through no fault of the channel partner.
- *Pricing, payment and settlement.* We determine the unit price of each SaaS product and provide a price list for each product with the channel partners. Channel partners are required to market our products according to the list prices. Channel partners are required to make a certain amount of prepayment to us after execution of the agreement, and to make additional prepayments to us in relation to the sales of our products from time to time. We offer a certain percentage of the list price of our SaaS products, typically ranging between 60% to 70% during the Track Record Period, as commission to our channel partners. The commissions are paid for both new customers and existing customers renews at the same rate. We paid commission of RMB31.2 million, RMB28.5 million and RMB61.1 million to our channel partners in 2021, 2022 and 2023, respectively. The increase was mainly attributable to the contracts engaged through channel partners in the second half of 2023. According to Frost & Sullivan, our commissions paid to channel partners are generally in line with the market practice. We generally settle payments with our channel partners by bank transfer.
- *Return and exchange policy.* We generally do not allow product returns or exchange after users have commenced use of the product.
- *Sub-channel partners.* Under the agreement, channel partners are entitled to engage sub-channel partners and be fully responsible for the management and sales and marketing activities of sub-channel partners. During the Track Record Period, our channel partners did not engage sub-channel partners.
- *Exclusivity.* Channel partners are prohibited from marketing any product that competes with ours during the term of the agreement.

### *Management of Channel Partners*

Maintaining a robust network of channel partners and an effective working relationship with each of them is important for us to increase sales and ensure users satisfaction. We select channel partners with strong expertise and proven track records. We review our channel partners' performance from time to time on their sales targets, customer feedback, and business and service competency. Our channel partners are prohibited from selling or promoting in other geographical regions beyond those designated by us, and are required to sell or promote our SaaS products at our standard prices. We provide marketing support and training to our channel partners to equip them to better serve users. When we receive complaints of poor service from users or other channel partners, we conduct investigations accordingly and are entitled to penalize such channel partners by reducing their fees or terminating the business relationship upon confirmation of such violation of our customer-service standards.

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We do not believe our channel partners network is currently affected by cannibalization and take the following measures to prevent cannibalization among channel partners: (i) we specify in the sales agreements the designated geographical areas for the respective channel partners and prohibit them from selling or promoting in other areas, (ii) we limit the number of channel partners in each designated geographical region with reference to the specific region's economic development level, and (iii) we have in place rules and procedures to avoid cannibalization among channel partners within same designated area or across different designated areas. Our channel partners are forbidden to approach customers outside of their designated areas, and will be penalized for any identified material breach of relevant rules. For users engaged through channel partners, our service personnel confirm the company name and contact information when activating the accounts, and check the user's contact information again when providing follow-up services or generating sales receipts. As a result, we can identify out-of-area sales by channel partners when the user's identity or contact information appears inconsistent with the corresponding channel partner's authorized geographical area. Furthermore, our channel partners are required to market our products according to our price list to avoid cannibalization within the same geographical area, and are generally not allowed to reduce the selling price in the forms of rebate, discount or other incentive to the end customers when selling the SaaS products. We review the selling prices in product orders and contracts provided by users engaged through channel partners, and monitor the advertising prices of channel partners when they publish product promotions through websites or other means. Channel partners will be deemed to have violated the rules when their selling or advertising prices are lower than our stipulated prices, and will be subject to penalties. During the Track Record Period, we have not identified any material breach by our channel partners of the relevant anti-cannibalization rules.

During the term of the agreement, channel partners cannot use our registered trademarks without our prior consent. Channel partners are required to market our SaaS products according to the list prices we provide. We have a right to adjust the list prices as needed with reference to prevailing rates in the market.

We believe we do not have material inventory risk as channel partners are generally required to pay us the price of the SaaS products before we release the products to the customers. There is also no channel stuffing risk with the channel partner model because we, not the channel partners, are responsible for delivering SaaS products directly customers.

### **Precision Marketing Business**

We do not engage channel partners for our precision marketing service business, and acquire advertising customers, including advertisers and advertising agencies acting on behalf of certain advertisers, through our direct sales teams. We establish sales offices for precision marketing business in Shanghai, Guangzhou and Wuxi, where entrepreneurs usually have strong demand for advertising services, allowing us to efficiently connect with potential and existing advertising customers. We engage customers through a variety of methods, including direct acquisition through phone calls and visits, online marketing activities, and referrals through customers and media platforms. Additionally, we engage customers through offline

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marketing activities, including industry exhibitions, business summits, and onsite visits. Our sales personnel would visit potential customers to understand their needs and match those needs with our services. Our customer support team is responsible for after-sales service and customer maintenance, including daily maintenance, production of delivery materials, and optimization of advertising accounts operations including advertisement placement strategies. At the company level, we organize customer salons to share industry information, competitive product information, and timely convey of updates of media platforms' policies and strategies.

### Marketing and Branding

We have established a marketing and public relations department that is responsible for enhancing our brand awareness, promoting our new and existing products and solutions, maintaining our relationships with business partners, managing public relations, and building and maintaining our ecosystem. We promote the brand awareness of our company in various industries to expand addressable markets. We deploy a comprehensive strategy for our marketing efforts, including brand awareness building, public relationship management, demand generation, and business cooperation and partnership building.

### CUSTOMERS

Our major clients are (i) enterprises who purchase our SaaS products, and (ii) advertising customers who purchase our precision marketing services. We have a large customer base and do not rely on users from specific industry verticals. Revenue generated from our largest customer in each year of the Track Record Period accounted for 12.5%, 24.5% and 24.5%, respectively, of our total revenues during those years. Revenue generated from our five largest customers in each year of the Track Record Period accounted for 40.5%, 50.0% and 42.6%, respectively, of our total revenues during those years. To the best of our knowledge, none of our major customers has any past or present relationship (including, without limitation, family, business, financing, employment or otherwise) with us, our subsidiaries, our shareholders, Directors or senior management, or any of their respective associates.

We primarily target B2B enterprises as customers for our marketing SaaS products, which typically have businesses or high-value individuals as their clients, primarily from the manufacturing, IT, enterprise services, home improvement and professional services industries. Those B2B enterprises' businesses are generally characterized by low transaction frequency, high average spending per transaction, rigorous decision-making processes and relatively long negotiation cycle. Such customers need to build meaningful and long-lasting relationships with their potential and existing clients, offering competitive products or services and encouraging repeat purchases.

Our sales SaaS products primarily target B2B and B2C enterprises from a variety of industries, including manufacturing, IT, enterprise services, automobile and retail. Typical customers for our sales SaaS products have large sales teams that require more systematic management and empowerment of their sales staff. Such customers are often in urgent need of improving the efficiency of sales management and customer operations.

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Our precision marketing business covers advertising customers from various industries, including e-commerce platforms, fast-moving consumer goods (beauty, personal care, food and beverage, clothing, daily necessities), healthcare, gaming, entertainment, and social media. Our clients include publicly listed companies and industry leaders. We review our customer profiles from time to time to improve better operational efficiency and profitability.

In 2021, 2022, and 2023, the revenue generated from recurring customers for our SaaS business accounted for approximately 51%, 74% and 66% of our total revenue from SaaS business of each respective year, and the revenue generated from recurring customers for our precision marketing services accounted for 69%, 96% and 96% of our total revenue from precision marketing services of each respective year. Recurring customers in a given financial year are customers that generated revenue in both the current and the prior financial year.

### For the year ended December 31, 2021

Customer	Major services/products provided	Sales amount (RMB in thousands)	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer F	Precision marketing services	109,720	12.5	Monthly settlement; payment within 15 days	Bank transfer	Customer F is a game R&D and operation company, established in Shanghai in 2010 with a registered capital of RMB360.0 million. The games developed by Customer F, covering leisure sports, collection and development, and strategy types, are released in more than 200 countries and regions around the world.	2021
Customer G	Precision marketing services	96,169	11.0	Payment within 10 days upon receipt of invoice	Bank transfer	Customer G is a company focusing on the digital reading content production and distribution, established in Beijing in 2011 with a registered capital of RMB45.6 million. It has developed three digital reading brands and cooperated with more than 300 content generation companies.	2020

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Customer	Major services/products provided	Sales amount <i>(RMB in thousands)</i>	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer A	Precision marketing services	62,790	7.2	Monthly settlement; payment within 15 days	Bank transfer	Customer A is a large Chinese beauty group, established in Guangzhou in 2016 with a registered capital of US\$513.8 million. It owns various well-known domestic and overseas brands in the field of cosmetics and skin care. Customer A's ultimate holding company was listed on the New York Stock Exchange in 2020.	2020
Company E	Precision marketing services	47,412	5.4	Monthly settlement; payment within 5 days upon receipt of invoice	Bank transfer	Company E is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Customer D	Precision marketing services	38,164	4.4	Payment within 45 days upon receipt of invoice	Bank transfer	Customer D is a foreign-invested education company, established in Shanghai in 2007 with a registered capital of RMB19.0 million. It is a well-known education and training company, offering various educational services including language learning, overseas study tours and cultural exchange programs.	2017
<b>Total</b>		<b>354,255</b>	<b>40.5</b>				

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### For the year ended December 31, 2022

Customer	Major services/products provided	Sales amount (RMB in thousands)	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer G	Precision marketing services	279,782	24.5	Monthly settlement; payment within 20 days upon receipt of invoice	Bank transfer	Customer G is a company focusing on the digital reading content production and distribution, established in Beijing in 2011 with a registered capital of RMB45.6 million. It has developed three digital reading brands and cooperated with more than 300 content generation companies.	2020
Customer B	Precision marketing services	129,009	11.3	Monthly settlement; payment by the end of the month after next	Bank transfer	Customer B is a software and information technology services company, established in Suzhou in 2014 with a registered capital of RMB10.0 million. Customer B’s ultimate holding company, primarily engaged in the R&D, operation and distribution business of online games, was listed on the Shenzhen Stock Exchange in 2015.	2018
Customer C	Precision marketing services	120,274	10.5	Monthly settlement; payment by the end of the month after next upon receipt of invoice	Bank transfer	Customer C is a mobile internet company, established in Guangzhou in 2017 with a registered capital of RMB1.0 million. It primarily provides brand promotion and resource integration services for enterprises, and has cooperated with major leading media platforms.	2017
Company E	Precision marketing services	36,295	3.2	Monthly settlement; payment within 5 days upon receipt of invoice	Bank transfer	Company E is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E’s business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Customer H	Precision marketing services	6,013	0.5	Monthly settlement; payment by the 5th of next month	Bank transfer	Customer H is a digital marketing company, established in Shenzhen in 2021 with a registered capital of RMB1.0 million. It focuses on social media advertising marketing business, and has cooperated with leading e-commerce companies.	2022
<b>Total</b>		<b>571,373</b>	<b>50.0</b>				

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### For the year ended December 31, 2023

Customer	Major services/products provided	Sales amount (RMB in thousands)	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer G	Precision marketing services	302,252	24.5	Monthly settlement; payment within 20 days upon receipt of invoice	Bank transfer	Customer G is a company focusing on the digital reading content production and distribution, established in Beijing in 2011 with a registered capital of RMB45.6 million. It has developed three digital reading brands and cooperated with more than 300 content generation companies.	2020
Customer B	Precision marketing services	142,782	11.6	Monthly settlement; payment by the end of the month after next	Bank transfer	Customer B is a software and information technology services company, established in Suzhou in 2014 with a registered capital of RMB10.0 million. Customer B's ultimate holding company, primarily engaged in the R&D, operation and distribution business of online games, was listed on the Shenzhen Stock Exchange in 2015.	2018
Customer I	Precision marketing services & SaaS	28,927	2.3	Monthly settlement; payment within 180 days	Bank transfer	Customer I is a software and information technology services company, established in Shanghai in 2016 with a registered capital of RMB10.0 million.	2018
Customer J	Precision marketing services & SaaS	26,127	2.1	Monthly settlement; payment within 180 days	Bank transfer	Customer J is a company that specializes in technology development, technical consulting, and technical services in the field of computer network technology, established in Shanghai in 2010, with a registered capital of RMB0.5 million.	2018
Company E	Precision marketing services & SaaS	24,676	2.0	Monthly settlement; payment within 5 days upon receipt of invoice	Bank transfer	Company E is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
<b>Total</b>		<b>524,764</b>	<b>42.6</b>				

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

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### Customer Success

We highly value customer success. Our customer success team, of over 170 staff located in 15 cities, endeavors to help users obtain the most value out of the all-in-one marketing and sales SaaS products, and has established standardized customer service procedures covering the whole customer experience. While the sales team focuses on acquiring new users, our customer success team strives to provide long-term services beyond the initial sales to drive recurring purchases, explore cross-selling and up-selling opportunities, and encourage user referrals. We endeavor to address users' concerns and needs, and actively collect and act on feedback to improve and maintain long-term user relationships. The key steps to our customer services include:

- assisting users to choose products with functional modules targeting their needs, laying the foundation of a satisfactory user experience;
- organizing online training sessions, which help users to become familiar with our SaaS functional module matrix in a short time, while maximizing the product's value;
- collecting users' feedback to capture their evolving needs at various stages of business growth, facilitating continuous module and software upgrades by our R&D team; and
- actively following up with users to collect their feedback.

We develop a customer management action plan with a detailed timeline for our customer success team to carry out various sales activities. AI evaluation reports allow users to directly view and analyze their improvements, and help them build marketing and sales capabilities by fully discovering the potential of the functional modules for which they subscribe. We thereby enhance users' understanding of our marketing and sales SaaS products, fostering their willingness to subscribe to new modules and other services. In addition, we provide users with targeted after-sales services that meet specific needs based on their frequency of use and feedback. Through continuous interaction with our users, our customer success team gathers feedback on the use of our SaaS products, providing our R&D team with insight for future product development.

### THIRD-PARTY PAYMENT ARRANGEMENTS

#### Background

During the Track Record Period, certain of our customers (the "**Relevant Customer(s)**") settled their payments with us through third-party payors (the "**Third-Party Payment Arrangement(s)**"). The number of the Relevant Customers was 4,054 and 2,226 in 2021 and 2022, respectively, and the number of the third-party payors was over 4,000 and 2,000 for the same years, respectively. In 2021 and 2022, the aggregate amount of third-party payments was

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RMB141.6 million and RMB74.0 million, accounting for approximately 2.7% and 1.1% of the total payments we received from all customers for the relevant year, respectively. The amount of third-party payments as a percentage of the total payments had been decreasing during the Track Record Period, as we imposed more stringent restrictions on such arrangements. No individual Relevant Customer had made a material contribution to our revenue through third-party payments during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, other than accepting such payments, we have not proactively initiated any Third-Party Payment Arrangements, nor had we participated in any other forms of such arrangements. In addition, during the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate, or other benefits to any of the Relevant Customers or the third-party payors to facilitate or encourage the Third-Party Payment Arrangements.

During the Track Record Period, 84.6% of the third-party payors were persons affiliated with the Relevant Customers or entities related to the Relevant Customers, including (i) persons affiliated with the Relevant Customers, such as legal representatives, directors, senior management, individual shareholders, employees and relatives; and (ii) entities related to the Relevant Customers, such as corporate shareholders, fellow subsidiaries, entities having overlapping shareholders. The amount of third-party payment made by third-party payors who were related parties amounted to RMB182.5 million in aggregate during the Track Record Period. In addition, 15.4% of the third-party payors were business partners of the Relevant Customers, who had other business transactions with the Relevant Customers and facilitated the payment arrangements to settle the outstanding payables, accounting for third-party payment of RMB33.1 million in aggregate during the Track Record Period. Our Directors have confirmed that the Relevant Customers and third-party payors involved in the third-party payment arrangements were Independent Third Parties during the Track Record Period, and did not have any past or then relationship (including, without limitation, family, business, financing, employment or otherwise) with us, our subsidiaries, our shareholders, Directors, senior management or any of their respective associates.

### **Reasons for Utilizing Third-Party Payment Arrangements**

During the Track Record Period, the Relevant Customers were primarily small-scale companies. According to Frost & Sullivan, it is a relatively common practice in the industry in which we operate in China for these entities to settle payments through third-party payors to their vendors and service providers. Our Relevant Customers settled their payments with us through third-party payors primarily because our Relevant Customers mainly operated their business at a small scale or in the form of sole proprietorship and preferred settlement of payments through bank accounts of the third-party payors for the convenience of fund flows.

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### Mitigation measures

To safeguard us against risks associated with Third-Party Payment Arrangements, we have implemented a series of mitigation measures. We required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the involved third-party payors. In addition, we required the Relevant Customers to provide us with a letter for delegation of payment (the "**Delegation Letter**"). The Delegation Letter typically state that (i) the Relevant Customer delegates its payment obligation under the terms of the original agreement with us to the respective third-party payor; and (ii) the Relevant Customer and the third-party payor assume all risks associated with the Third-Party Payment Arrangement, releasing us from any disputes that may arise from such arrangement. For the majority of the Third-Party Payment Arrangements, we requested both the Relevant Customer and the relevant third-party payor to sign a Delegation Letter template provided by us, which includes that the relevant third-party payor should clearly confirm the payment amount and agree to jointly assume the payment obligation with the Relevant Customer, and shall not demand repayment in any circumstances. As advised by our PRC Legal Advisor, the Delegation Letter signed by both the Relevant Customer and the relevant third-party payor setting out a joint payment obligation will, once in force, constitute a valid and binding obligation on the relevant third-party payor. Our PRC Legal Advisor has further confirmed that the Third-Party Payment Arrangement by itself does not contravene or circumvent the applicable laws and regulations in PRC (including the anti-money laundering laws) in all material aspects, provided that the receipt of payment was performed solely as settlement of sales of goods or services and not related to any criminal or illegal proceeds or gains. During the Track Record Period, 9.3% in aggregate of Third-Party Payment in terms of payment amount remained without Delegation Letter.

In addition, we have implemented Know Your Customer ("**KYC**") procedures to have a comprehensive understanding of Relevant Customers' identities, business or employment and sources of funds, as well as to prevent fraud or money laundering and terrorism financing offences. Before accepting any third-party payment, we verified the payment information against the information recorded in our system to ensure that such payment was settled through the relevant third-party payor's account as identified in the appropriate letter. We believe that the above enhanced internal control measures are effective and adequate in preventing unauthorized Third Party Payments and its associated risks, in view of the limited amount of payment that was not covered by Delegation Letter and the fact that we have ceased all existing Third-Party Payment Arrangements.

### **Enhanced Internal Control Measures and Cessation of Third-Party Payment Arrangements**

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our quality management system. We have also established an audit committee comprising three independent non-executive Directors, dedicated to ensuring the adequacy and effectiveness of regulatory compliance procedures and internal control systems. See "Directors and Senior Management." To prevent the recurrence

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of, and potential risks from, the Third-Party Payment Arrangements, we have implemented enhanced internal control measures. We have ceased all existing Third-Party Payment Arrangements from January 1, 2023. We deliver our SaaS products and services only after our finance department has verified payment from the customer’s corporate account. In addition, for all newly acquired customers, we verify the customer’s payment account information against the business license. If we receive payments from third-party payors’ accounts, our marketing department will refund and inform the customers and third-party payors that such arrangements are no longer accepted. In view of the relatively immaterial payment contribution from the Relevant Customers during the Track Record Period, we believe that there would be no material impact on our financial and operational position as a result of our cessation of the Third-Party Payment Arrangements.

### SUPPLIERS

Our major suppliers are media platforms, and hardware and system suppliers. Charges from our largest supplier in each year of the Track Record Period accounted for 59.5%, 87.3% and 83.2%, respectively, of our cost of sales during those years. Charges from our five largest suppliers in each year of the Track Record Period accounted for 90.3%, 92.4% and 91.7%, respectively, of our cost of sales during those years. To the best of our knowledge, none of our major suppliers has any past or present relationship (including, without limitation, family, business, financing, employment or otherwise) with us, our subsidiaries, our shareholders, Directors or senior management, or any of their respective associates.

#### For the year ended December 31, 2021

Supplier	Major services/products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier A	Media resource	237,545	59.5	Monthly settlement; payment within 28 days	Bank transfer	Supplier A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China’s mobile internet market. We mainly place advertisements via Supplier A’s short video distribution platforms for our advertising customers of the precision marketing business.	2018

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Supplier	Major services/products procured	Purchase amount <i>(RMB in thousands)</i>	% of our cost Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier F	Media resource	106,887	26.8 Advance payment	Bank transfer	Supplier F is a company primarily engaged in cultural and entertainment business, established in Beijing in 2014 with a registered capital of RMB5.0 million. Supplier F’s ultimate holding company is a leading global internet and technology company primarily providing online communication and social media services, which was listed on Hong Kong Stock Exchange in 2004.	2021
Supplier B	Media resource	6,572	1.6 Advance payment	Bank transfer	Supplier B is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier B’s online marketing business mainly comprises search engine marketing, content marketing, mini-program development and website construction services. It mainly provides services for our T Cloud product.	2018
Supplier D	Media resource	5,527	1.4 Advance payment	Bank transfer	Supplier D is a technology company specializing in internet-related services and products, established in Beijing in 2000 with a registered capital of US\$45.2 million. It operates the leading search engine platform in China, and engages in AI, autonomous driving and online entertainment services. Supplier D’s ultimate holding company was listed on the Hong Kong Stock Exchange in 2021, with its American Depositary Shares listed on the Nasdaq Stock Market in 2005.	2018
Supplier G	Hardware purchase	3,821	1.0 N/A	Bank transfer	Supplier G is a construction company, established in Shanghai in 2020 with a registered capital of RMB5.0 million. We entered into an agreement with Supplier G for hardware procurement, effective from September 2020 to August 2023.	2020
<b>Total</b>		<b><u>360,352</u></b>	<b><u>90.3</u></b>			

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### For the year ended December 31, 2022

Supplier	Major services/products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier A	Media resource	508,479	87.3	Monthly settlement; payment within 28 days	Bank transfer	Supplier A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China’s mobile internet market. We mainly place advertisements via Supplier A’s short video distribution platforms for our advertising customers of the precision marketing business.	2018
Supplier F	Media resource	12,171	2.1	Advance payment	Bank transfer	Supplier F is a company primarily engaged in cultural and entertainment business, established in Beijing in 2014 with a registered capital of RMB5.0 million. Supplier F’s ultimate holding company is a leading global internet and technology company primarily providing online communication and social media services, which was listed on Hong Kong Stock Exchange in 2004.	2021
Supplier B	Media resource	10,768	1.8	Advance payment	Bank transfer	Supplier B is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier B’s online marketing business mainly comprises search engine marketing, content marketing, mini-program development and website construction services. It mainly provides services for our T Cloud product.	2018

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Supplier	Major services/ products procured	Purchase amount <i>(RMB in thousands)</i>	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier D	Media resource	4,842	0.8	Advance payment	Bank transfer	Supplier D is a technology company specializing in internet-related services and products, established in Beijing in 2000 with a registered capital of US\$45.2 million. It operates the leading search engine platform in China, and engages in AI, autonomous driving and online entertainment services. Supplier D's ultimate holding company was listed on the Hong Kong Stock Exchange in 2021, with its American Depository Shares listed on the Nasdaq Stock Market in 2005.	2018
Supplier H	Media resource	1,980	0.3	Monthly payment by the end of next month	Bank transfer	Supplier H is a foreign-invested advertising company, established in Shanghai in 2009 with a registered capital of US\$1.0 million. Supplier H's ultimate holding company, which operates a world's leading search engine platform, primarily focuses on online advertising, search engine technology, cloud computing and certain AI related services, and was listed on the Nasdaq Stock Market in 2004.	2013
<b>Total</b>		<b><u>538,240</u></b>	<b><u>92.4</u></b>				

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### For the year ended December 31, 2023

Supplier	Major services/ products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier A	Media resource	437,564	83.2	Monthly settlement; payment within 28 days	Bank transfer	Supplier A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China’s mobile internet market. We mainly place advertisements via Supplier A’s short video distribution platforms for our advertising customers of the precision marketing business.	2018
Company E	Advertising data services	20,009	3.8	N/A <sup>(1)</sup>	Bank transfer	Company E is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E’s business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Supplier B	Media resource	11,422	2.2	Advance payment	Bank transfer	Supplier B is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier B’s online marketing business mainly comprises search engine marketing, content marketing, mini-program development and website construction services. It mainly provides services for our T Cloud product.	2018

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Supplier	Major services/ products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier I <sup>(2)</sup>	Media resource	6,708	1.3	Advance payment	Bank transfer	Supplier I is a Chinese multinational technology and entertainment conglomerate and holding company headquartered in Shenzhen, founded in 1998. Supplier I primarily provides online communication and social media services. It was listed on Hong Kong Stock Exchange in 2004.	2021
Supplier D	Media resource	6,569	1.2	Advance payment	Bank transfer	Supplier D is a technology company specializing in internet-related services and products, established in Beijing in 2000 with a registered capital of US\$45.2 million. It operates the leading search engine platform in China, and engages in AI, autonomous driving and online entertainment services. Supplier D's ultimate holding company was listed on the Hong Kong Stock Exchange in 2021, with its American Depositary Shares listed on the Nasdaq Stock Market in 2005.	2018
<b>Total</b>		<b><u>482,272</u></b>	<b><u>91.7</u></b>				

*Notes:*

- (1) As of the Latest Practicable Date, we have not yet agreed upon the credit term in the corresponding service agreement with the relevant entity of Company E.
- (2) Supplier I is the holding company of Supplier F.

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During the Track Record Period, Company E was one of our five largest customers and our supplier, contributing to 5.4%, 3.2% and 2.0% of our revenue in 2021, 2022 and 2023, respectively, and 0.6%, 0.1% and 3.8% of our cost of sales in 2021, 2022 and 2023, respectively. We provided online advertisement distribution services and SaaS solutions for Company E during the Track Record Period. Company E is a technology company in China engaged in the operation of a number of media platforms. According to Frost & Sullivan, it is common practice in the precision marketing industry for media platforms to become advertisers when they have advertising needs to market their products and services. In addition, we started to procure advertising data services from an entity under Company E in 2023. This allows us to acquire purchase behavior data (without personal data) from the media platform operated by Company E, which enhances the performance of our SaaS products in marketing activities.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

### **Our Relationship with Supplier A**

Our precision marketing services primarily rely on Supplier A, a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. Supplier A’s market share in the online short video platform industry was approximately 75% in terms of total marketing gross billing in 2022 in China. According to Frost & Sullivan, precision marketing service providers like us often acquire a significant amount of traffic from Supplier A’s short video distribution platform due to its dominant market position and large market share in the China’s mobile internet market. It is therefore important to collaborate with Supplier A given the fact that it collaborates with a wide range of advertisers through precision marketing service providers like us. This enables us to provide convenient and effective online marketing content delivery services, with the goal of increasing the marketing gains of our customers who place advertisements on Supplier A’s online content distribution platforms. Supplier A’s media platforms generally have a strong social media presence and a large user base, which makes them an attractive option for our advertising customers whose target audience are primarily individual consumers. Therefore, it is quite common for precision marketing service providers to rely on Supplier A’s online short video platforms to acquire user traffic and place short video advertisements.

We have been cooperating with Supplier A since 2018, and we have generated a significant amount of revenue from our advertising customers of the precision marketing business by placing advertisements via Supplier A’s short video distribution platform. Our gross spending with Supplier A amounted to RMB3,769.8 million, RMB4,591.6 million and RMB5,372.6 million in 2021, 2022 and 2023, respectively, accounting for 82.8%, 79.4% and 86.4% of our total gross spending for the respective years. In addition, the purchase amount from Supplier A amounted to RMB237.5 million, RMB508.5 million and RMB437.6 million in 2021, 2022 and 2023, respectively, accounting for 59.5%, 87.3% and 83.2% of our cost of sales in the respective years, mainly representing the advertising traffic costs. In addition, our marketing SaaS products help users utilize free internet traffic by posting content through their accounts on Supplier A’s media platforms. See “– Our Product and Service Offerings.”

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### *Salient terms of agreements with Supplier A*

We enter into annual framework agreements with Supplier A that require renewal annually. For each advertising campaign, we place an advertising campaign order with Supplier A, which outlines the details of the campaign such as the content distribution platform, advertiser, pricing model, payment, and settlement terms. According to Frost & Sullivan, it is common in the online advertisement industry for media platforms not to enter into long-term supply agreement with obligation to provide advertising traffic, and our arrangements with Supplier A are in line with industry practice. The annual framework agreements with Supplier A generally include the following salient terms:

- *Duration.* An initial term of generally one year subject to mutually agreed renewal.
- *Advertising contents.* We are required to ensure that our advertising customers are qualified entities and that the content placed on media platforms is not false, fraudulent, or misleading. Additionally, we shall ensure that the contents to be placed on media platforms do not violate any applicable laws, regulations, or internal policies of media platforms, and do not infringe on any third party's rights.
- *Pricing, payment and settlement.* Our agreement with Supplier A prescribes the pricing basis for traffic acquisition. The actual traffic spend data reported by Supplier A are normally used as the basis for settlement. We are generally entitled to engage an independent third-party advertisement verification service provider to monitor and verify the traffic. Under the agreement with Supplier A, we open and operate accounts for our advertising customers. We are responsible for topping up these accounts before placing the advertisements, and usually arrange settlement on a monthly basis upon confirmation with Supplier A of the actual gross spending of traffic acquisition costs;
- *Confidentiality.* Each party shall keep any information obtained while fulfilling the agreement confidential, unless otherwise permitted by law or with the other party's written consent.
- *Policy amendment.* Supplier A enjoys the right to unilaterally amend its policies due to commercial or regulatory compliance needs, including, but not limited to, policies on platform access, advertisement design standards, advertisement review, and guarantee deposit.
- *Termination.* The annual framework agreements may be terminated (i) in the event of a force majeure; (ii) by the non-defaulting party in the event of a material breach; or (iii) by Supplier A upon one month's prior written notice.

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### *Ongoing relationship with Supplier A*

Since the commencement of our business relationship in 2018, we have maintained a stable and cooperative relationship with Supplier A. Our Directors confirm that there had been no material disputes between us and Supplier A during the Track Record Period and as of the Latest Practicable Date.

We believe that we are a valuable business partner of Supplier A and are not aware of any issues that would materially and adversely affect our cooperation in the foreseeable future. Our broad customer base would help to enrich the ecosystem of Supplier A, and our contents and precision delivery would improve the experience of end users of Supplier A. We have built a large and diversified customer base for precision marketing service business, with a proven track record for serving leading enterprises with a strong willingness to pay. We have achieved continued growth in the number of advertising customers we serve, amounting to 845, 998 and 1,042 in 2021, 2022 and 2023, respectively. As a market player establishes a stronger presence and influence in the industry, advertising customers are more likely to consider additional attributes when deciding to establish and maintain business relationships. We have built our competitive edge with our experienced management team, in-depth industry expertise, solid understanding of marketing strategies for our customers, and abundant experience in serving a sizeable customer base. Additionally, we have strong technology capabilities and infrastructure that enable us to effectively distribute advertisements for customers and continuously optimize the marketing results. We believe that these attributes will contribute to our solid relationships with existing customers as well as expanding customer base, which continuously delivers value to Supplier A.

In addition, we look to further strengthen our collaboration with Supplier A and continue helping our advertising customers to precisely and effectively reach target audiences on leading media platforms. We have been awarded as one of Supplier A's core cooperation partners for each year during the Track Record Period, and our operation team has obtained various professional certifications from Supplier A on information flow marketing, content creativity and webcasting. In 2023, we were named one of Supplier A's top twenty ecological partners, which acknowledges our contributions to the development of their digital marketing ecosystem through close collaboration. As a result, we may enjoy a series of competitive edges against other industry players, including designated service staff enabling stable and long-term business relationship, favorable payment terms and credit limits, and opportunities to test new products and features. We are also entitled to API interfaces for technical development, which create a unique identifier for each consumer and send the behavior data in relation to subsequent transactions, enabling us to analyze the results of marketing activities and improve our services. Leveraging our technology capabilities, we are further collaborating with Supplier A to explore new in-depth e-commerce advertisement solutions across various platform operation scenarios, with an aim to help our customers improve the overall conversion accuracy and reduce communication costs by enhancing automation level.

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In light of the above, we believe that we have become a valuable business partner to Supplier A and have established stable and cooperative relationship, reflected by our increasing business with them. We are capable to place large scale, attractive and effective online advertisement on Supplier A’s media platforms and appeal large number of visitors and potential end consumers for our advertising customers. Therefore, we believe that our relationship with Supplier A is unlikely to materially adversely change or terminate in the foreseeable future.

To the best of our Directors’ knowledge, major media platform operators, such as Supplier A, generally do not prohibit service providers like us from entering into traffic acquisition and rebate arrangements with other advertisement distribution service providers or agents. If our business relationship with Supplier A were to be terminated, we believe that we would be able to procure media resources of Supplier A by entering into arrangements with first-tier agents for purchasing traffic and earning rebates, and it is unlikely that Supplier A would refuse to provide service to us even indirectly through the said first-tier agent. We believe that this incident is unlikely to have a materially adverse impact on our ability to provide high-quality services to our major advertising customers or maintain relationships with them. We would also achieve profitability by leveraging our procurement scale to earn a satisfactory level of rebates.

Meanwhile, if we are unable to maintain a business relationship with Supplier A, it can be difficult for us to source alternative content distribution channels for our precision marketing services in a timely manner. Such termination with Supplier A is unlikely to have an impact on our SaaS business, however, which does not require us to procure traffic from Supplier A. See “Risk Factors – Risks Related to Our Business and Industry – We relied on a limited number of media platforms to place advertisements for our customers during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.”

### *Diversification of media platforms*

We have made efforts to reduce our reliance on Supplier A by seeking opportunities to cooperate with other major industry players. We diversify our media platform bases and collaborate with several well-known media platforms in China and globally, covering social networking, instant messaging, search engine and short-video media platforms. For example, in 2021, we commenced business relationship with Supplier F, a leading internet and technology company in China primarily providing online communication and social media services, and one of our major suppliers in 2021 and 2022. We expect to strengthen our cooperation with other media platform operators and expand our precision marketing services on a variety of social media platforms going forward.

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### OUR TECHNOLOGY AND INFRASTRUCTURE

#### Cloud Computing

We attach great importance to and continue to invest in cloud computing technology. We develop our multilayer technology infrastructure to provide stable performance for our cloud-based products and service offerings, which includes (i) a technology infrastructure layer, as the basic data layer that provides computing resources; (ii) a data middle platform layer for data and basic modules; and (iii) a SaaS layer for functional module development capabilities.

#### *Technology infrastructure layer*

Key features of our technology infrastructure layer are set out below:

- *Reliability and availability.* We set up our architecture with high redundancy to ensure the reliability of our information technology infrastructure. Our internal network is equipped with multiple security measures to isolate the database from unauthorized access, and uses complex security procedures for internal and external communication and transmission of encrypted data. We also use firewalls to prevent unauthorized access to our systems. In addition, we also have an automatic monitoring system to monitor the key indicators of our business operations and IT infrastructure. This triggers an alarm when any indicator exceeds the safety limit, so enabling us to respond quickly to emergencies. We had not experienced any material service interruption during the Track Record Period.
- *Security.* Our platform has obtained level three certification of the National Network Security Level Protection. The cloud hard disk carried by T Cloud provides a triple-copy storage strategy to ensure rapid data migration and recovery in the event of failure of any copy; we use a variety of data backup methods, including MySQL and incremental backup, as well as local backup and cloud backup, and 1:1 disaster recovery of cross-regional computer room data to ensure the security of our data and avoid data loss; and our flexible configurable security group policies allow users to securely filter traffic flow through the network at an instant level.
- *Scalability.* We use microservices technology to build the cloud architecture of our platform, so that we can operate all segments of our business through independent, automatic expansion and standardized service modules, and quickly respond to new business needs by adding new service modules. We can also fine-tune each functional module and integrate common functions into separate modules to keep the architecture simple, improve the efficiency and flexibility of our system, and reduce maintenance costs.
- *High Performance.* In order to allow our advertisement customers and media partners to enjoy a fast and smooth user experience, we use advanced technologies (such as Client-Cache, cloud computing and virtualization) to optimize the response time of the system, and combine BGP networks and CDNs to achieve high speeds. Our information technology infrastructure can handle at least 600,000 sessions per second, with an average response time of about 50 milliseconds.

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- *Comprehensive Protection.* We have adopted various measures to protect our infrastructure, such as web application firewalls to discover intrusion attacks, and identify threats and system risks.

### ***Data middle platform***

Our data middle platform functions as a middle platform in three aspects. As a technology middle platform, it provides a series of technologies that are accessible in developing different SaaS products. As such, we are able to flexibly combine functional modules across different product lines, and quickly develop new products. The data middle platform supports data-sharing among our SaaS products, which facilitates users’ one-stop experience. As an algorithm middle platform, it ensures the one-step deployment and execution of our algorithm resources.

The data middle platform layer involves our virtualization, big data, microservices, AI, machine learning and other advanced IT technologies. It is an efficient and intelligent platform that integrates our advanced capabilities for delivering intelligent marketing and sales SaaS products as well as data analytics services. Leveraging the data middle platform, we are able to launch high-quality standardized SaaS products which enable us to maintain the delivery of better service to our customers through continual product and technology innovation.

As part of our strategies, we also plan to open the PaaS capabilities of our data middle platform to third-party developers and business partners, encouraging them to provide differentiated creative applications for our merchants. This will enrich our products as well as our technology ecosystem. We further enhance the security and reliability of our open platform through identification authentication and flow control.

For the capabilities of our SaaS layer, see “– SaaS Business.”

### **AI Technologies**

Our algorithm engineering team continually explores areas of artificial intelligence, in particular AI content generation, NLP technologies and knowledge graph. We apply our proprietary AI technologies in our SaaS products to significantly improve the operational efficiency and effectiveness throughout the entire customer acquisition process, aiming to ultimately achieve marketing and sales growth automation. We have built our own AI algorithm model library, covering scenarios such as marketing automatization, user experience optimization and risk management. We have accumulated a variety of AI models to deal with different customer scenarios for marketing automatization, covering areas such as marketing recommendation, sales data prediction for repurchases and customer loss, and marketing results evaluation. These algorithm models help customers improve operation efficiency. For example, the algorithm for content generation in marketing scenarios greatly shortens the production time of marketing contents. For natural language processing, well-trained algorithms are capable of basic data pre-processing, supporting the business scenarios dominated by unstructured text.

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Our big data risk management system analyzes and evaluates the potential threats and weak points of the system security, and detects the major information security risks. We improve our information security system based on the risk assessment results. For example, we adopt different levels of access control policies for different types of data to depending on their sensitivity.

### *AI Content Generation*

We have particularly focused on AI content generation technologies, including text, graphics and video creation. Our text generation tool can automatically generate title, abstract and article content, as well as identifying and replacing prohibited words in the text, and our image generation tool intelligently cuts out objects from images and creates customized posters and banners based on templates and users' text inputs. We have made progress in image classification, image product recognition, and image risk management. Our platform will continue to use image generation technology to provide users and their customers with more accurate and convenient content generation services. Furthermore, we are currently applying a series of video generation technologies in our products and services, including, but not limited to, intelligent synthesis, content analysis, classification, and risk management. Our video generation tool can intelligently extract and replace video content, and automatically create video based on templates and text and image provided by users. We will continue to enhance our video generation technology to provide users and their customers with more accurate and convenient content generation services. See “– SaaS Business – T Cloud – AI- Generated Marketing Content” and “– SaaS Business – True Client – Intelligent Leads Conversion” for the application of AI content generation technologies in our products and services.

### *NLP*

We expect to further enhance a series of NLP technologies to improve our products and services, including, but not limited to, natural language processing, semantic analysis, thematic analysis, emotion analysis, text generation, original text simulation, text rewriting, text classification, and other fields.

### *Knowledge Graph*

With the establishment of our industry database, we are developing related technologies to provide our customers with comprehensive AI services, including content generation, intelligent customer service, and accurate customer acquisition services based on the knowledge graph of upstream and downstream enterprises in the industry's production relationship. We build a knowledge map to present the relationship between the enterprise, its main products, raw materials, and upstream and downstream industry entities in a graphical data structure, so that customers can quickly search for relevant information using relevant keywords.

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### User-interaction Technology

We continuously improve our user-interaction (UI) technologies covering interaction design and visual design. Under our modularized design principle, we develop a variety of pre-built UI patterns, with predefined components, common functions and widgets in the interface. Users may build their official sites in a low-code, seamless way by adding the components to their pages with a quick drag and drop. Our UI design is well adapted to mobile devices, allowing users to quickly build WeChat Mini Programs and mobile online stores.

### RESEARCH AND DEVELOPMENT

Technology innovation is the key to our success. Since inception, we have invested significantly in strengthening our R&D capacities to support our existing offerings while launching new features, functionalities and products. In 2021, 2022 and 2023, we incurred R&D expenses of RMB160.6 million, RMB224.6 million and RMB210.0 million, respectively.

As of December 31, 2023, we had a team of 461 experienced technology professionals, representing 23.9% of our total staff. We develop our R&D team with carefully selected talent whose expertise spans a wide range of subject areas, such as AI, distributed databases, big data and cloud computing. We divide the R&D talent pool into multiple R&D teams of six to eight members. Each member is responsible for his or her area of expertise, ranging from software design, product management and performance testing to operation maintenance of the development system. As a result, these R&D teams are equipped with a comprehensive set of technology capabilities, allowing them to efficiently build customized solutions catering to customers’ needs.

Our development process for a new SaaS product or a major new update to existing products can be divided into five stages.

- *Stage 1: Demand Research and Analysis.* Our customer success team and sales team, as well as the technology and project manager, take the lead in conducting market analysis to collect demand feedback from customers.
- *Stage 2: Product Design.* Complete the basic design plan for new functions or products to address customers’ needs. We usually meet users’ needs for functionality improvement by selecting and upgrading existing functional modules in the Marketingforce platform.
- *Stage 3: Product Review.* After the product manager completes an in-depth design and product requirement document review, the development team will complete UI/UE structure design development, and complete the coding, testing and product launch.
- *Stage 4: Development test.* Complete function and system test, as well as the next stage of pre-release.
- *Stage 5: Product Release Optimization.* Release product, and optimize functions and performance based on user feedback. Release updated versions with improved features and functionalities.

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As a result of our continual investment in our R&D capabilities, we have earned recognition for our leading position as an innovator from PRC governmental authorities, as well as international authorities and trade associations. In November 2020, as a representative enterprise in the SaaS intelligent marketing cloud platform industry, we were selected as the “Second Batch of Digital Business Enterprises Designated by the Ministry of Commerce.” In April 2020, as a recognition of our SaaS products to empower the digital transformation of enterprises, we were selected as the Recommended Digital Marketing Product in the Recommended Catalogue of Products and Activities for Digital Empowerment Services for Small and Medium-sized Enterprises (Phase I) issued by the Small and Medium Enterprises Bureau of the Ministry of Industry and Information Technology. In December 2019, we received the Second Prize for National Science and Technology Progress Award issued by the State Council.

We continue to maintain our industry-leading position, and have been assessed and identified as “China’s Artificial Intelligence SaaS Influential Enterprise No.1,” “China’s Top 100 New Technology – New Infrastructure Innovation Enterprise Service Platform,” “Best Innovative Martech Service Provider” by the Chinese Academy of Social Sciences, Innovation National Development Forum, eNet Academy, Deben Consulting and other professional institutions. In 2018, we were recognized as a National High-tech Enterprise. In 2020, we were recognized as a “specialized, refined, differentiated and innovative Enterprise” in Jiangsu Province. In 2020, we were recognized as an Enterprise Technology Center in Wuxi.

### COMPETITION

We compete in a large and highly competitive market. Within the SaaS solution market in China, marketing and sales SaaS solutions are one of the most important segments due to the high-value propositions they bring to enterprises across different industries. According to Frost & Sullivan, in 2022, the marketing and sales SaaS solution market reached RMB20.6 billion, an increase from RMB7.3 billion in 2018 with a CAGR of 29.7% from 2018 to 2022. Looking forward, the marketing and sales SaaS solution market is expected to reach RMB74.5 billion in 2027, with a CAGR of 29.3% from 2022 to 2027. We are the largest marketing and sales SaaS solution provider in China with revenue from SaaS business of RMB529.9 million in 2022, accounting for a market share of 2.6%, according to Frost & Sullivan. We maintain our market position through our ability to provide comprehensive functions based on accumulated industry knowledge, launch SaaS products that meet different customer needs, develop advanced technologies, establish an extensive sales network, and continuously improve our brand awareness.

We believe that T Cloud’s competitive advantage lies primarily in its advertising and promotion capabilities, which offer a range of features for designing landing pages, search engine optimization, and automatic generation of marketing contents. On the other hand, True Client’s competitive advantage lies primarily in its capabilities in the areas of social and relationships as well as sales and delight, with features including automated execution of marketing activities and SCRM. While the two products are offered separately, users may achieve synergy effect between them through a seamless integration of their marketing and

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sales capabilities. By using both products in tandem, users can generate leads utilizing T Cloud’s advertising and promotion features, and nurture those leads and convert them into paying customers with True Client’s social and relationship capabilities in an efficient manner. Additionally, users may engage customers with marketing contents generated by T Cloud, and use True Client’s SCRM capabilities to close deals and provide post-sale support, driving repeat business. Overall, the integration of these two products allows users to streamline their marketing and sales processes and maximize their growth potential.

According to Frost & Sullivan, the precision marketing market reached RMB1,028.7 billion in 2022, increasing from RMB517.2 billion in 2018 with a CAGR of 18.8% from 2018 to 2022, and is expected to reach RMB1,728.5 billion in 2027, with a CAGR of 10.9% from 2022 to 2027. The precision marketing market in China is highly fragmented. In 2022, the top five market players in China accounted for a market share of 10% to 15% in China. We accounted for approximately 0.06% of the total market in 2022 with revenue from precision marketing services of RMB612.9 million in China. We expect to compete effectively in the industry by continuing to maintain in-depth cooperation with leading media platforms and producing high-quality marketing content.

## INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property, as being critical to our business operations. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property. As of the Latest Practicable Date, we had registered:

- 700 software copyrights in China;
- 53 domain names in China;
- 26 trademarks in China;
- 19 patents in China; and
- four copyrights of fine arts or written works in China.

For detailed information about our material intellectual property, see “Appendix IV – Statutory and General Information – C. Further Information about Our Business – 2. Intellectual Property Rights.”

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. All inventions, trade secrets, developments and other processes generated by our employees during their employment with us are our property, and employees are required to assign to us any ownership rights that they may claim in those works. In addition, we have implemented screening procedures during the recruitment process, which helps us prevent potential disputes arising from hiring former employees of competitors.

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As of the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights in China.

### EMPLOYEES

As of December 31, 2023, we had 1,931 full-time employees, the majority of whom are based in Shanghai, China. The following table sets forth the number of our employees by function:

Employee Function	Number of employees	% of Total
Sales	901	46.7
Research and Development	461	23.9
Administration and Operations	391	20.2
Customer Success	178	9.2
<b>Total</b>	<b>1,931</b>	<b>100.0</b>

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives. As a result, we have a strong track record in attracting and retaining our core employees. We primarily recruit our employees in China through internal references and recommendations, and online channels such as third-party employment websites. As a matter of policy, we provide a robust training program for new employees. We believe such programs are effective in equipping them with the skill set and work ethic we require of employees. We also provide regular and specialized training, both online and offline, tailored to the needs of our employees in different departments.

During the Track Record Period, the number of our employees in different departments fluctuated. The following table sets forth the monthly average number of employees by function, which equals to the total of the balance of each monthly-end number of employees divided by the number of months in a certain year:

	Year ended December 31,		
	2021	2022	2023
Sales	1,412	1,227	957
Research and Development	424	596	511
Administration and Operations	457	536	447
Customer Success	228	218	203

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The monthly average number of sales staff amounted to 1,412 in 2021, as we were in the process of expanding our SaaS business, which required a larger size of sales team to reach a wider range of customers. However, due to the adverse impact of the COVID-19 pandemic and relevant restrictions, the number of sales staff decreased in the second quarter of 2022. In the third quarter of 2022, we continued to recruit sales staff to enhance our selling and marketing efforts in light of the eased pandemic control across China. We experienced sales staff attrition in the fourth quarter of 2022, resulting from the sporadic resurgences of COVID-19 cases in several provinces and cities which negatively affected our sales activities. Overall, in 2022, we maintained a reasonable size of sales team in light of the sporadic resurgences of the COVID-19 pandemic across China, with the monthly average number of sales staff slightly decreasing from 1,412 in 2021 to 1,227 in 2022. The monthly average number of sales staff decreased from 1,227 in 2022 to 957 in 2023, primarily due to (i) the relatively higher number of sales staff in the first half of 2022 following the expansion of sales team in 2021, and (ii) we mainly leveraged our established sales force to expand business and focused on improving the sales efficiency in 2023.

The monthly average number of R&D personnel increased from 424 in 2021 to 596 in 2022, mainly because we were in the process of improving our technological capabilities and remained dedicated to our R&D activities. The monthly average number of R&D personnel decreased from 596 in 2022 to 511 in 2023, mainly attributable to our effort in enhancing the cost-efficiency of our research and development activities and outsourcing non-essential work to third-party service providers.

The monthly average number of administrative personnel increased from 457 in 2021 to 536 in 2022, mainly to support our expanded scale of operations. The monthly average number of administrative personnel decreased from 536 in 2022 to 447 in 2023, mainly because we optimized our administrative structure to drive increased operational efficiency. In addition, we expanded our customer success team in 2021 to support our business, and have maintained a consistent team size since then.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, and commercial ethic policies with most of our executive officers, managers, and employees. These contracts typically include a confidentiality provision effective during and after their employment with us.

Our employees have not formed any employee union or association. We believe we maintain a good working relationship with our employees, and have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

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### **Social Insurance and Housing Provident Funds**

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, employment injury insurance and unemployment insurance. During the Track Record Period and as of the Latest Practicable Date, we use third-party agent(s) to make contributions of social insurance and housing provident fund for a small number of our employees.

In 2021, 2022 and 2023, we made contributions through such third-party agencies of RMB3,766,129, RMB5,142,192 and RMB3,211,136, representing approximately 3%, 3% and 2% of our total social insurance premiums and housing provident funds contributions during the same years. As of the Latest Practicable Date, we made contributions through third-party agencies for a few of our employees. We engaged third-party agencies to pay social insurance and housing provident funds primarily because some of our employees working in different cities across the nation preferred their social insurance and housing provident funds to be paid at their respective places of residence, rather than be paid at the cities of our relevant entities with which they established employment relationships, so as to facilitate the local use of such benefits. Therefore, we made such arrangements for those employees in cities they reside.

According to the PRC laws, a company that enters into an employment contract with an employee rather than the third party shall be the one to make the social insurance and housing provident fund contribution in full for the employee. As advised by our PRC Legal Advisor, the practice of engaging third-party human resources agencies to pay social insurance and housing provident funds may not fully satisfy the requirements under PRC laws and regulations.

We have enhanced our internal control and implemented the following rectification measures to gradually rectify this practice in the future:

- Going forward, we will not accept any additional employees' requests of having their social insurance and housing provident fund paid via third party agencies. We have designated our human resources department to review and monitor the requirements for the registration of social insurance accounts and housing funds accounts, as well as reporting and making contributions of social insurance and housing provident fund;
- We are currently communicating with our employees involved in such arrangements to have their social insurance and housing provident funds be paid in cities of our relevant entities with which such employees established employment relationships. Subject to our future business plan, we are also considering to establish subsidiaries or branches in places where the relevant employees reside to make contributions of social insurance and housing provident funds for them in case such employees do not agree with the aforementioned arrangement. We will terminate the third party payment arrangements once local branch offices or subsidiaries have been established in places where the relevant employees are located; and
- We will regularly consult with our PRC legal counsel for advice on relevant PRC laws and regulations to keep ourselves informed of regulatory developments.

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As of the Latest Practicable Date, we had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities, or received any labor arbitration application from employees for not contributing to the social insurance and housing provident fund directly. However, if the relevant competent government authority is of the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations in respect of a housing provident fund, we may be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, failing which the government authority can apply to the People’s Court for compulsory enforcement, but no penalties are provided under the relevant PRC laws and regulations; and, in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine, ranging from one to three times the total outstanding balance. As advised by our PRC Legal Advisor, in the event that the relevant government authorities do not recognize the amount of social insurance premiums and housing provident funds that we contributed through the third-party agencies, we might be deemed failure to make full contributions with the shortfall incurred for 2021, 2022 and 2023 being up to RMB3,766,129, RMB5,142,192 and RMB3,211,136, respectively. The total liability that may incur as of the Latest Practicable Date (including the outstanding balance and late fee) would be approximately RMB16.2 million. See “Risk Factors – Risks Related to Our business and Industry – We use third-party agents to make contributions of social insurance and housing provident fund, which may subject us to penalties.” As advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

## INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors – Risks Related to Our Business and Industry – We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise” for further details.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Our Directors are responsible for formulating our strategies and policies on environmental, social and governance (“ESG”) matters. Our Directors also support our commitment to fulfilling environmental and social responsibility through managing ESG-related risks and ensuring that an effective internal control system is in place to mitigate such risks.

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As a marketing and sales SaaS solution provider, we do not operate any production facilities, and we conduct the majority of our business online. Therefore, we are not subject to significant health, safety or environmental risks in our daily operations. Nonetheless, we are committed to a green management philosophy, and have adopted carbon reduction measures to limit our carbon footprint in the workplace.

### **Governance**

We are in the process of establishing an ESG policy (the “**ESG Policy**”) incorporating the following aspects: (i) appropriate risk governance of ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governing structure, (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the identification of key performance indicators, the relevant measurements and mitigating measures.

Our Board has the overall responsibility for overseeing and adopting the ESG Policy, assessing ESG-related risks on a regular basis according to applicable laws, regulations and policies, crafting and determining our strategies and key targets, as well as reviewing our performance annually against ESG-related targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

We are also in the process of setting up an ESG working group comprising personnel of key operational functions to support our Board in implementing the ESG Policy. Specifically, the ESG working group would in general be responsible for keeping abreast of the latest ESG-related laws and regulations, conducting materiality assessments of ESG-related risks and assessing how we adapt our business in light of climate change, and continuously monitoring the implementation of measures to address our ESG-related responsibilities. We expect to establish our ESG Policy and set up the ESG working group before [REDACTED].

### **The Actual and Potential Impact of ESG-Related Risks**

Global warming poses a wide range of risks to business operations, including supply chain disruptions, rising insurance costs, and labor challenges. We actively identify and monitor environmental, social, and climate-related risks and opportunities that may affect our business, strategy, and financial performance. We evaluate the magnitude of the resulting impact over the short, medium, and long-term horizons. Since our business does not involve the operation of any physical production facilities, we do not currently have any material liabilities relating to health, work safety, and the environment. We do not expect to incur any material liabilities in this regard that could have a significant adverse impact on our business or operating results. As advised by our PRC Legal Advisor, we are not required to obtain any material approvals or certificates for the principal business we engage in under environmental laws and regulations in the PRC. Most of the potential physical risk and transition risk can only affect our customers, which may eventually impact our revenue.

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In the short term, epidemics, extreme weather, earthquakes, and other natural disasters will negatively impact on the operations of us and our customers. Our main operation is located in the urban area of Shanghai which may be vulnerable during extreme weather events. Extreme weather conditions may cause the suspension or disruption of our business operations and adversely impact our financial performance. Extreme weather may also cause service disruptions, which in turn may adversely affect our ability to deliver services to our customers. As our teams operate in the urban area of Shanghai, the physical impact of climate change on our operations is relatively limited. However, we are fully aware that extreme weather events can cause system failures that may result in chaos. Such failures could lead to data loss, which may impact our ongoing relationships with our users. To address this issue, we will closely monitor daily observatory predictions and promptly notify our employees and other personnel of any related measures in case of extreme weather. In 2024, we expect to establish specific protocols for working during extreme weather to ensure the safety of our employees and the normal operation of our business. Furthermore, we will consider extreme weather risks when negotiating and entering into contracts with our stakeholders to minimize economic losses under such circumstances.

In the medium to long term, governments may change existing or enact new environmental, social and climate-related laws and regulations, which may affect our business, operations and financial position directly or indirectly. For example, such change may strengthen climate-related requirements, affect the energy-saving equipment costs of our computing infrastructure and data centers, increase labor cost. It may also change customer preference and demand for the form and content of sales and marketing activities, requiring us to update our products and services accordingly.

We take these issues into account when developing our business strategy and may adjust our strategy in a particular region or city in response to changing environmental, social and climate-related landscapes. We set up a special team responsible for the life cycle management of relevant projects, identifying, evaluating, managing and decreasing the impact of ESG-related risks. For example, our IDC staff manages and monitors energy conservation and consumption control plans for the computing equipment, and administration staff supervises the waste management system to ensure that we meet our energy conservation and pollution reduction targets. Our management actively identifies and monitors actual and potential ESG-related risks to our business, strategy and financial performance and considers such issues in our business operation.

To the best knowledge of our Directors, as of the Latest Practicable Date, we were not subject to material changes in social trend and political policies relating to ESG on the Group’s business model that could negatively impact our Group’s businesses, financial conditions and results of operations.

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### Metrics and Targets

#### *GHG Emissions and Control*

Under our ESG Policy, we have set our goals to guide our business operations. We expect to continuously optimize our energy utilization. We encourage online meetings, reduce water and electricity consumption, separate trash to reduce work waste, and encourage low-carbon and environmentally friendly travel. We keep our lighting fixtures and lamps clean to maximize the energy efficiency. We also clean the filters and air-conditioners regularly and set the minimum temperature of the air-conditioning system at 25.5 degrees Celsius to minimize the energy consumption.

The following table sets forth our electricity consumption and the greenhouse gases emissions in 2021, 2022, and 2023 respectively:

	Year ended December 31,		
	2021	2022	2023
Electricity consumption (kWh per million RMB revenue)	2,997.6	3,255.7	6,534.7
Greenhouse gas emissions (tonnes of CO <sub>2</sub> equivalent)	1,574	2,171	3,488
Scope 1 direct emissions (tonnes of CO <sub>2</sub> equivalent)	46	49	50
Scope 2 indirect emissions (tonnes of CO <sub>2</sub> equivalent)	1,528	2,122	3,439
Intensity of greenhouse gas emissions (tonnes of CO <sub>2</sub> equivalent/RMB million of revenue)	1.8	1.9	3.8

We expect to reduce electricity consumption and carbon emission by improving energy saving in our business operations. Specifically, we expect to reduce the electricity consumption by 4% of our current consumption in 2024, and reduce the intensity of carbon emission by 4% of our current discharge in 2024.

#### *Employee safety*

We continuously assess the potential risks in relation to the employees’ work safety. During the Track Record Period, we did not record any work-related fatalities, and had four, three and four work-related injury incidents in 2021, 2022 and 2023. We plan to further establish specific protocols for working during extreme weather to ensure the safety of our employees and the normal operation of our business.

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### Social Responsibility

We have adopted a set of social policies to create a healthy working environment. For instance, we provide our employees with occupational safety training and updates. We also provide management and recruitment training for our staff. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material noncompliance with laws and regulations relating to occupational health and safety.

In relation to our corporate governance, we have implemented an anti-fraud management policy to tackle corruption, money laundering and bribery. The policy also secures the reporting rights of our employees in accordance with the laws. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings regarding corrupt practices brought against us or any of our Directors and employees.

### PROPERTIES

Our corporate headquarters is located at Shanghai, China. As of the Latest Practicable Date, we did not own any property and leased 37 properties with an aggregate gross floor area of approximately 74,844.10 square meters, which were primarily used as premises for our offices and business operations. Of the 37 properties, 36 are leased for office use, and one for our data center. All of the properties with title defect are used as offices.

As of the Latest Practicable Date, the lessors of 6 of our leased properties had not provided us with valid title certificates, relevant authorization documents or permissions evidencing their rights to lease the properties to us. As advised by our PRC Legal Advisor, according to the PRC Civil Code, the establishment, modification, assignment and extinguishment of real rights to immovables shall only be effective upon registration unless the law stipulates otherwise. According to the Interim Measures for Inquiry about Registered Data for Real Estate (不動產登記資料查詢暫行辦法), the proprietors and interested persons of real estate may inquire about and copy the registered data for real estate properties at the local real estate registration agency. Parties with interests in the leased properties may inquire about the registration status with documents proving their interests. According to our PRC Legal Advisor, it is the lessors' responsibility to obtain the title certificates to enter into the leases. If the lessors do not have the requisite rights to lease these defective leased properties, the relevant lease agreements may be deemed invalid. As a result, the owners of the property may allege unauthorized use of these properties, and thus having the right to claim for the return of the property against us and demand that us vacate the property. Such allegations and claims may affect our use of the relevant lease properties and expose us to risks of potential litigations and disputes in connection with the return of the property against us. We believe that the reasons for the failure of lessors to provide us with relevant title certificates are beyond our control, and we maintain regular communication with these lessors regarding their correction of title defects. We are further strengthening our internal control measures and will require lessors to provide valid title certificates or documents evidencing their rights before entering into new leases.

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Our Directors believe that our financial condition and results of operations would not be materially and adversely affected, considering that (i) we have obtained written commitment lessors of four leased properties that, should our business operations be affected by the title defect, the relevant lessors will provide alternative business premises and bear the corresponding costs; (ii) lessors of two other leased properties have agreed in lease agreements that, if the property rights of the lessors are in dispute, the lessors should bear the corresponding liability for breach of contract; and (iii) for the remaining leased properties, we are able to relocate to qualified alternative premises within a short period of time under comparable terms without incurring substantial additional costs.

As of the Latest Practicable Date, the actual usage of ten of our leased properties was inconsistent with the usage set out in the ownership title certificate. With respect to these properties, our PRC Legal Advisor is of the view that we may not be able to lease, occupy and use such leased properties if the local authorities challenge the validity of the leases, resume the land use right or require us to restore the land to its original use. Our PRC Legal Advisor advised that, after returning the land and ceasing the use of the relevant leased properties, the risk of us as the lessee being subject to additional material administrative penalties is relatively low. As confirmed by our Directors, if we cannot continue to use such leased properties, we are able to relocate to qualified alternative premises within a short period of time under comparable terms without incurring substantial additional costs.

As of the Latest Practicable Date, according to the ownership certificates provided by the owner, one of our leased properties is located on allocated land and the use of such leased property is not consistent with the designated use of land stated on the ownership certificate. Pursuant to the Interim Regulations of the PRC on the Assignment and Transfer of the Rights to the Use of State-owned Urban Land (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), the allocated land may not be transferred, leased, or mortgaged, unless the competent land administration departments and the housing administration departments approve of converting such allocated land into an assigned land and having the assignment fees thereof be paid to the state. Otherwise, the land administrative departments may confiscate the illegal income and impose a fine on the unit or the individual who transfers, leases or mortgages the allocated land without approval. As the owner of the allocated land has not completed the relevant procedures for leasing allocated land and the properties thereon, there is a risk that we may not be able to continue to use such properties if requested by the regulatory authorities. Our PRC Legal Advisor is of the view that the owner of the property is subject to penalties but not us as the lessee. As confirmed by our Directors, if we cannot continue to use this leased property, we are able to relocate to qualified alternative premise within a short period of time under comparable terms without incurring substantial additional costs. In addition, we have obtained a written undertaking from the lessor to provide an alternative venue at our request and to bear all related costs, should our business operations be affected by the title defect.

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Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the relevant real estate authorities. As of the Latest Practicable Date, we have not yet completed the registration procedure for 34 of the leased properties. As advised by our PRC Legal Advisor, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our lease agreements after we are requested to do so by the competent PRC government authorities. We believe that, even if such penalties are imposed, our financial condition and results of operations will not be materially and adversely affected. As of the Latest Practicable Date, we have not been ordered to make corrections by the competent authorities.

### LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our principal business operations in the PRC, which had remained in full effect. Each of our PRC subsidiaries has obtained its business license and in particular, Shanghai Trueland, Trueland Network and Wuxi Trueland each hold an IDC license; Shanghai Trueland and Trueland Network each hold an EDI License.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any pending or completed legal, arbitral or administrative proceedings against us that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

#### Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been, and were not, involved in any administrative penalties relating to incidents of material noncompliance.

#### *Inspection on our products*

In 2022, it was reported in several news articles that we were involved in manipulating the results of online search and misled potential customers with online review, comments and replies with the use of fake accounts (the “**Allegations**”). Following the news report, the Shanghai Jingan District Market Supervision Administration (“**Jingan MSA**”), joined by Shibe High-tech Market Supervision and Management Office and representatives from Shibe High-tech Industrial Park Institute, conducted an administrative inspection on the Allegations and performed a range of investigations.

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It was determined that our business operations of SaaS business and precision marketing services do not involve fake accounts, and the Allegations were caused by false statements made by one of our employees to the reporter with the aim to secure a deal, which was in violation of our internal regulations and rules. We do not offer such function described in the news articles; rather, our product allows users to post introduction of their businesses, products and services on third-party public platforms on a real-name basis. As part of our efforts to prevent users from publishing marketing contents with fake accounts using our products, we require our users to provide real-name information in our system, and enable this function for users only after authentication. We verify the accounts we open for users based on their business licenses and other information, and re-verify the identities on an annual basis. We do not provide services for registering non-official platform accounts on behalf of users. According to our PRC Legal Advisor, the function described above is in compliance with the applicable PRC laws and regulations. During the inspection, Jingan MSA focused on investigating this function of T Cloud, verified the procedures of our real-name authentication, and confirmed that no violations of relevant laws and regulations were found.

After the inspection, Jingan MSA issued a written confirmation dated November 4, 2022 confirming that it had not identified any illegal conduct relating to the Allegations, and did not undertake any follow-up regulatory action. According to our PRC Legal Advisor, pursuant to the PRC Administrative Penalty Law(《中華人民共和國行政處罰法》), in case where the fact(s) of an illegal act could not be established, no administrative penalty shall be imposed; given that we had provided all the relevant information and materials under the instructions of Jingan MSA, and in light of the written confirmation, the likelihood of us being subject to administrative penalty by any higher level of authorities is low, and we are not required to obtain further confirmation from other government authorities. We have enhanced our internal controls to prohibit salespeople from making misrepresentations about the capabilities of our products and services.

During the Track Record Period and as of the Latest Practicable Date, we have not been the subject of any other administrative inspections or regulatory enquiry, or invited to attend any meeting with the relevant government authorities concerning our regulatory compliance in addition to the aforementioned issue.

## DATA PRIVACY AND DATA SECURITY

In order to conduct algorithm training, we primarily acquire data from our own data collection or from third parties in various media platforms. In addition, when providing our products and services, we store on our system various types of data, including information on users and their customers. We have established and implemented policies and procedures to safeguard data privacy and data security and to ensure our compliance with the relevant laws and regulations. Set forth below are the summary of our related policies and procedures.

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### Data access and usage

Our users may upload certain personal information for use of SaaS products and obtaining services from us, such as mobile number and email address. We encrypt these data before storing such data on our system in accordance with the legal requirements. See "Regulatory Overview – Regulations – Regulations on Privacy Protection." We do not otherwise process any personal information of users and user's customers. We have implemented strict limit on access to these data, and our employees cannot acquire the users' detailed data and information without certain authorization. In addition, for AI algorithm training, we de-identify and anonymize all data before processing to ensure that no personal information is attached. Upon the termination of subscription agreements, users can directly delete their data or require us to do so.

We set strict rules on data usage to prevent any unauthorized access to or illegitimate use of our data. Our database is operated on the intranet which only qualified personnel can access, and only through the servers which support that particular solution. We have adopted internal policies to ensure that authorization is tailored to employee seniority and department function, so that such data can only be obtained on an as needed basis. We stipulate the registration of system accounts, initial password allocation, user rights and approval procedures, system resource allocation and log-off, restricting employee's use of data. Further, detailed records of the access logs of such employees are subject to regular review.

### Storage and transmission

We have adopted data encryption system to protect the data in transmission and storage. Our database is stored on our firewall-protected cloud-based servers in Suzhou and Wuxi. We frequently back up our database, and the regular data restore tests are applied to examine the status of the backup system. Furthermore, we regularly check on database operations to prevent information leakage and data loss during the transmission and storage of data. For example, we closely monitor the data operation status of the servers and alert relevant departments in charge of data security in case of an emergency or abnormality.

### Internal Control Measures in Relation to Data Protection

Our data privacy and protection measures are an integral part of our internal control system. We have adopted a comprehensive data privacy and protection policy, focusing on system control, hardware enhancement and data security team construction.

On the system level, the data collected by us or uploaded by our users are classified into three levels: important and secret; general and secret; and external and public. We formulate targeted security protection measures for the storage and transmission of important and secret data. For data access, we strengthen the identity authentication mechanism, establish the user's identification, assign authorization, and regularly check the user's actual authorization and reasonableness of assigned authorization. We also provide training on data protection in accordance with evolving laws and regulations, and have entered into confidential agreements with our employees to prevent improper use or disclosure of data. We engage third-party service vendors to conduct external security tests on our systems and solutions from time to time.

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On the physical level, we protect servers, routers, switches and other hardware and communication links from natural disasters, sabotage, and wiretapping attacks. In addition, our IT experts regularly check, maintain and replace devices.

Our data security team consists of relevant technical personnel led by our chief technology officer, overseeing our group-wide data privacy and security work in our daily operation. The data security team is responsible for enhancing our data protection system to keep up with changes in laws and regulations, and development in relevant technologies, and monitoring and reporting any suspicious data extraction and transmission activities. The team conducts routine inspections to improve our information security management technology and internal control systems.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have established risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. We are committed to continually improving such systems. We have adopted and implemented risk management policies in various aspects of our business operations, such as information system, financial reporting, regulatory compliance and human resources. The Board of Directors is responsible for establishing and updating our internal control system, while senior management supervises the daily implementation of the internal control procedures and measures of each subsidiary and functional department.

#### **Financial Reporting Risk Management**

We have in place a set of accounting policies in connection with our financial reporting risk management, such as for financial report management, asset protection management, budget management, and operational analysis management. We provide regular training for our finance department staff to ensure that they understand our accounting policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures.

#### **Information System Risk Management**

See “ – Data Privacy and Data Security.”

#### **Regulatory Compliance Risk Management**

Compliance with applicable laws and regulations (particularly the laws and regulations governing the Internet advertising industry) and safeguarding our intellectual property rights is the focus of our regulatory compliance risk management. We have designed and adopted strict internal procedures to ensure the compliance of our business operations with relevant rules and regulations. We have a legal and compliance department which is responsible for reviewing and updating the templates of contracts we enter into with our customers and suppliers. Our legal and compliance department also works with external legal counsel to

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ensure that we have obtained and maintained all the necessary permits and licenses required for our operations. If the relevant laws and regulations do not clearly stipulate whether an action can or should be taken, we will adopt a conservative attitude to avoid any potential compliance issues. We continually improve our internal policies and update internal templates of legal documents according to changes in laws, regulations and industry standards to ensure our ongoing compliance.

### **Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. We have in place an employee handbook approved by the management and distributed to all our employees, which contains internal rules and guidelines regarding work ethics, negligence and misconduct. We provide employees with regular training and resources to explain the guidelines contained in such handbook. We also have an anonymous reporting channel so that potential violations of internal policies or illegal practice at all levels of the Group can be reported to the management in a timely manner, and appropriate measures can be taken to minimize any damage.

### **Ongoing Measures to Monitor the Implementation of Risk Management Policies**

We have established an audit committee under the Board of Directors, together with the financial department and our management to monitor the implementation of our risk management policies on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. For the professional qualifications and experiences of the members of the Audit Committee, see "Directors and Senior Management – Directors – Independent non-executive Directors."

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Members of the internal audit department hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement to resolve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are communicated to the committee on a timely basis. The audit committee then discusses the issues and, if necessary, reports to the Board.

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### AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, the most significant of which are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority	Entity/Product
Top 100 Software and Information Technology Service Enterprises in Shanghai	2023	Shanghai Municipal Commission of Economy and Information Technology	The Group
2023 China Software Technology Leading Enterprise Award	2023	The Digital Observer Online	The Group
Top One Influential AI SaaS Enterprise of 2023; Leading Enterprise in the Industry in 2023	2023	Internet Weekly of Chinese Academy of Sciences; eNet Academy; Deben Consulting	The Group
“Leading Enterprise” of Big Data Service Providers (大數據優秀服務商之選“領航企業”)	2023	Internet Weekly of Chinese Academy of Sciences; eNet Academy; Deben Consulting	The Group
Annual Digital Marketing Platform (年度數字營銷平台)	2023	IAI AWARDS	The Group
Annual Excellent Data Intelligent Technology Platform (年度優秀數據智能技術平台)	2023	iDigital Annual Awards – The 6th GMTIC Global Marketing Technology and Retail Innovation Conference	The Group
Cloud Connect – Leading Brand Award of the Year 2021-2022 (“雲鼎獎”2021-2022年度領先品牌)	2022	Cloud Connect China	The Group
Top 1 in AI & SaaS Enterprises of 2022 (2022人工智能SaaS企業榜首)	2022	Internet Weekly of Chinese Academy of Sciences	The Group
High-tech Enterprise (高新技術企業)	2022	Shanghai Government	The Group

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Award/Recognition	Award Year	Awarding Institution/Authority	Entity/Product
Top 100 in Software and Information Technology Service Industry in Shanghai of 2022 (上海軟件和信息技術服務業百強)	2022	Shanghai Municipal Commission of Economy and Informatization	The Group
China’s Top 500 Innovative Brands of 2021 (2021中國創新品牌500強)	2021	Asia brand; China Asian Economic Development Association; <i>Global Time</i>	Shanghai Trueland
Top One AI SaaS Enterprise of 2021 (2021人工智能SaaS企業排行榜)	2021	Internet Weekly of Chinese Academy of Sciences; Information Research Center of Chinese Academy of Social Sciences; eNet Academy; Deben Consulting	The Group
Twelfth Golden Mouse Digital Marketing Awards – Gold Award for Performance-based Marketing (第12屆金鼠標數字營銷大賽效果營銷類金獎)	2021	Golden Mouse Digital Marketing Competition	Kaililong (Shanghai) Software Information Technology Co., Ltd.
First Prize for Shanghai Science and Technology Award (上海市科學技術獎一等獎)	2020	The Reward of Science and Technology Committee of Shanghai	The Group
Cloud Connect China Special Award – Cloud Contributor on COVID-19 Fight of 2020 (第七屆“雲鼎獎”特別獎項: 2020雲計算抗疫先鋒企業)	2020	Cloud Connect China	Shanghai Trueland
The Most Popular AI-SaaS Enterprises Marketing Service Award of 2020 (2020年度最受企業歡迎AI-SaaS企業營銷服務平台)	2020	Internet Weekly of Chinese Academy of Sciences; Information Research Center of Chinese Academy of Social Sciences; eNet Academy; Deben Consulting	Shanghai Trueland

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## CONTRACTUAL ARRANGEMENTS

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### BACKGROUND

Our Consolidated Affiliated Entities were established under the laws of the PRC. As described below, business in certain areas of the industry in which we currently operate are subject to restrictions under current PRC laws and regulations. It was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive 100% of all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements. For details of our Contractual Arrangements, please refer to “Contractual Arrangements – Overview” below.

### REASON FOR ADOPTION OF CONTRACTUAL ARRANGEMENTS

Our business operations in the PRC have mainly been conducted through our Consolidated Affiliated Entities, which include:

- (1) Shanghai Trueland and its subsidiaries (the “**Cloud Service Entities**”), which are principally engaged in provision of cloud-based marketing and sales services and solutions through SaaS products in China (the “**Cloud Service Business**”). The Cloud Services Business primarily consists of cloud computing and IDC services carried out by Shanghai Trueland (the “**Cloud Computing and IDC Business**”), the data middle platform carried out by Shanghai Trueland and Trueland Network (the “**EDI Business**”) and provision of SaaS solutions (the “**SaaS Business**”) powered by our proprietary technology infrastructure layer; and
- (2) Shanghai Kaililong, Wuxi Kaililong, Kaililong (Guangzhou) Information Technology Co., Ltd. (“**Guangzhou Kaililong**, 凱麗隆(廣州)信息科技有限公司), Wuxi Trueland, and Wuxi Trueland Intelligence Technology Co., Ltd (“**Wuxi Trueland Intelligence**, 無錫珍島智能技術有限公司) (collectively, the “**Precision Marketing Entities**”), which are principally engaged in provision of one-stop mobile social precision marketing solutions (the “**Precision Marketing Business**”);

(collectively, the “**Relevant Businesses**”).

### Reason for Adoption of Contractual Arrangements for the Cloud Service Entities

Foreign investment activities in the PRC are mainly governed by the Negative List and the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraging Catalog**”), which were promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into three categories in terms of foreign investment, namely, “encouraged”, “restricted” and “prohibited.” Industries not listed under the Negative List and the Encouraging Catalog are generally deemed as falling into a fourth category “permitted.” The currently effective Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”), which became effective on January 1, 2022.

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## CONTRACTUAL ARRANGEMENTS

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As advised by our PRC Legal Advisor, certain Cloud Service Business provided by the Company as summarised below is subject to foreign investment prohibition in accordance with the Negative List.

According to the definition of IDC business under the Telecommunications Business Catalogue (《電信業務分類目錄》, the “**Catalogue**”), as last amended by the MIIT on June 6, 2019, the business of Internet data center (互聯網數據中心業務, namely, IDC business) also includes the business of Internet resources sharing and cooperation (互聯網資源協作服務業務). As further elaborated by China Academy of Information and Communication Technology (“CAICT”) in its guideline, the business of Internet resources sharing and cooperation refers to such services including data storage, development of Internet application environment, Internet application planning, operation and management provided by real-time acquisition and expansion, use upon demand and cooperation and sharing through Internet or other networks, leveraging the facilities and resources powered by data center. Therefore, Cloud Computing and IDC Business is regarded as the business of Internet data centre, and constitute a subcategory of value-added telecommunications service under the Catalogue. As such, the operation of such business would require the Value-added Telecommunications Business Operation Permit with Internet Data Centre Services (including Internet resources cooperation services) (“**IDC License**”).

While EDI Business and SaaS Business alone may not strictly fall within the IDC business category, given that both EDI Business and SaaS Business operated by the Group are highly integrated and correlated with and therefore inseparable from the Group’s underlying technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibition, the whole Cloud Service Business therefore needs to be operated through the Contractual Arrangements. See “– EDI Business – Operation of our Group’s data middle platform” and “– SaaS Business – provision of SaaS solutions” below for further details.

### *Cloud Computing and IDC Business – provision of cloud computing and IDC services*

Shanghai Trueland sells and/or provides, among other things, Cloud Computing and IDC Business.

As explained above and according to our PRC Legal Advisor, Cloud Computing and IDC Business is regarded as the business of internet data centre, and constitute a subcategory of value-added telecommunications service under the Catalogue. As such, the operation of such business would require the Value-added Telecommunications Business Operation Permit with Internet Data Centre Services (including internet resources cooperation services) (“**IDC License**”). According to the Negative List, foreign investors are only allowed to invest into certain types of value-added telecommunications services that have been opened up to foreign investment pursuant to China’s commitments to the WTO. However, the IDC business has not been included in the scope of China’s foregoing commitments to the WTO to date.

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## CONTRACTUAL ARRANGEMENTS

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According to the Mainland and Hong Kong Closer Economic Partnership Arrangement (《內地與香港關於建立更緊密經貿關係的安排》) and Mainland and Macao Closer Economic Partnership Arrangement (《內地與澳門關於建立更緊密經貿關係的安排》) as issued by the MOFCOM in 2003, the Agreement on Trade in Services under the Mainland and Hong Kong Closer Economic Partnership Arrangement (《<內地與香港關於建立更緊密經貿關係的安排> 服務貿易協議》) and the Agreement on Trade in Services under the Mainland and Macao Closer Economic Partnership Arrangement (《<內地與澳門關於建立更緊密經貿關係的安排> 服務貿易協議》) as issued by the MOFCOM in 2015 and most recently amended in November, 2019, and the Circular of the MIIT on Issues concerning the Provision of Telecommunications Services by Hong Kong and Macao Service Providers in the Mainland (《工業和信息化部關於港澳服務提供商在內地開展電信業務有關問題的通告》) which was promulgated by the MIIT and took effect on 30 June 2016 (together with the foregoing arrangements, the “**CEPA Rules**”), Hong Kong and Macau service providers which satisfy the qualification requirements under the CEPA Rules are allowed to establish sino foreign equity joint ventures in Mainland China to operate IDC business and such qualified Hong Kong and Macau service providers (as foreign investors) may acquire up to 50% of the equity interests of such joint ventures. The main qualification requirements under the CEPA Rules for such Hong Kong/Macau service provider include the following (the “**CEPA Qualification Requirements**”):

- (i) the nature and scope of services provided in Hong Kong/Macau by such service provider shall include the nature and scope of services proposed to be provided in Mainland China;
- (ii) such service provider shall be registered in Hong Kong/Macau and have engaged in substantial business operations for more than three years;
- (iii) such service provider from Hong Kong/Macau shall pay profit tax in accordance with the law during the substantive business operations in Hong Kong/Macau;
- (iv) such service provider from Hong Kong/Macau shall own or rent business places in Hong Kong/Macau to engage in substantive business operations, and their business places shall be consistent with their business scope and scale; and
- (v) among the employees employed by such service provider in Hong Kong/Macau, the residents without restriction of residency in Hong Kong/Macau and the PRC mainlanders with one-way pass who settle down in Hong Kong/Macau shall account for no less than 50% of the total number of its employees.

In light of the above, as advised by our PRC Legal Advisor, the operation of Cloud Computing and IDC Business requires an IDC License, which is only open to Hong Kong and Macau service providers that satisfy the CEPA Qualification Requirements, with a maximum Hong Kong or Macau ownership percentage of 50%. In addition, foreign investor’s holding of such IDC License remains ultimately subject to discretion and examination by the MIIT.

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Our PRC Legal Advisor conducted (i) verbal consultations with MIIT in May 2021 and July 2021 and (ii) verbal consultation with Shanghai Communications Administration (上海市通信管理局) in February 2024 (the "**2024 Consultation**"), during which the officers of MIIT and of Shanghai Communications Administration confirmed that:

- (A) the IDC License held by a domestic company would be adversely affected if it was invested in or held, directly or indirectly, by any foreign investor (including its direct shareholder and its direct subsidiary) that does not satisfy the CEPA Qualification Requirements;
- (B) to satisfy the CEPA Qualification Requirements, the foreign shareholder(s) of the applicant, whether direct or indirect, shall hold a valid Certificate of Hong Kong/Macau Service Supplier granted by Hong Kong Trade and Industry Department or Macau Economic and Technological Development Bureau; and
- (C) taking into account that the Company and the non-Hong Kong/Macau shareholders of the Company are unable to hold Certificate of Hong Kong/Macau Service Supplier and the Company's possible spread of foreign shareholders immediately following the completion of the Proposed [REDACTED], such indirect foreign shareholders of the domestic applicants (i.e. entities operating businesses subject to IDC License) will not be viewed as Hong Kong/Macau service providers that satisfy the CEPA Qualification Requirements, and therefore the MIIT will not grant the IDC License to us even if the Hong Kong affiliate of us fulfils the CEPA Qualification Requirements.

Our PRC Legal Advisor also conducted a verbal enquiry, in September 2022, with China Academy of Information and Communications Technology (中國信息通信研究院) ("**CAICT**"), a public institution entity directly under the MIIT, during which the officer of CAICT confirmed that Shanghai Trueland will not be able to carry out the Cloud Computing and IDC Business if our foreign shareholders with no Certificate of Hong Kong/Macau Service Supplier acquire, directly or indirectly, any equity interest in Shanghai Trueland.

As advised by our PRC Legal Advisor, (i) MIIT is the competent authority in determining whether the IDC License shall be granted to foreign-invested enterprises; (ii) CAICT has the competent authority to interpret and explain the relevant policies and to address our enquiries to it above; and (iii) Shanghai Communications Administration is the competent authority to address the consultation and inquiries made in the further verbal consultation conducted in February 2024.

As of the Latest Practicable Date, Marketingforce (HongKong) Limited, AMERICAN KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED ("**American Kaililong**") and KAILILONG INTERNATIONAL HOLDING (H.K) LIMITED ("**Kaililong HK**") are the only three Hong Kong subsidiaries owned by the Group, among which (a) Marketingforce (Hong Kong) Limited is an investment holding entity only with no substantive operation in Hong Kong since its

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incorporation, while (b) American Kaililong and Kaililong HK are both engaged in overseas precision marketing business by placing advertisements on overseas media platforms remotely through our business staff based in mainland China, with no scale of business operation in Hong Kong.

As advised by our PRC Legal Advisor, according to the CEPA Rules, in order to be qualified as a Hong Kong/Macau service provider, a Hong Kong/Macau entity shall satisfy several qualification requirements stipulated under CEPA Rules including, among other things, (i) it shall be registered in Hong Kong/Macau and has engaged in substantive business operations in Hong Kong/Macau for more than three years and (ii) it should own or rent premises in Hong Kong/Macau to engage in substantive business operations, and the scale of its business premises should be commensurate with the scope and the scale of its business. All of our three Hong Kong subsidiaries are registered in Hong Kong and thus cannot be qualified as Macau service providers. In addition, based on a telephone consultation with Hong Kong Trade and Industry Department, the officer of Hong Kong Trade and Industry Department noted that (i) as Marketingforce (Hong Kong) Limited has no substantive operation in Hong Kong since its incorporation, it will not be able to apply for Certificate of Hong Kong Service Supplier; (ii) reference may be made to Appendix 5 to Notice to Service Suppliers No. 1/2020 Mainland and Hong Kong Closer Economic Partnership Arrangement ( CEPA ) Application Procedures for Hong Kong Service Supplier ( HKSS ) Certificate, which specially requires the applicant to have substantive business operation in Hong Kong. As such, given that American Kaililong and Kaililong HK carry out the substantive operation through staff based in mainland China, it would be difficult for them to apply for Certificate of Hong Kong Service Supplier; and (iii) as none of our three Hong Kong subsidiaries owns or rents business premises for any substantive operations commensurating with the scope and the scale of its business, it is unlikely that they will be able to obtain Certificate of Hong Kong Service Supplier. Based on the foregoing, we are of the view that none of our Hong Kong subsidiaries will be able to obtain the Certificates of Hong Kong Service Supplier.

Further, even if there is an intermediate holding company within our Group that is a holder of Certificate of Hong Kong/Macau Service Supplier, as advised by the PRC Legal Advisor, Shanghai Trueland will still not be able to carry out the Cloud Computing and IDC Business if foreign shareholders with no Certificate of Hong Kong/Macau Service Supplier acquire an indirect equity interest in Shanghai Trueland, on the following basis:

- (i) as advised by our PRC Legal Advisor, the CEPA Qualification Requirements apply to the direct and indirect shareholders of the entities operating businesses that are subject to IDC License instead of just intermediate holding company within the Group with Hong Kong operation;
- (ii) the operation of cloud computing and IDC business requires an IDC License, which in terms of foreign investment restrictions is only open to Hong Kong and Macau service providers that satisfy the CEPA Qualification Requirements, with a maximum Hong Kong or Macau ownership percentage of 50%; and

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(iii) as confirmed with the officers of MIIT and of Shanghai Communications Administration in verbal consultations conducted by the PRC Legal Advisor in May and July 2021 and February 2024 as mentioned above, (a) to satisfy the CEPA Qualification Requirements, the foreign shareholder(s), whether direct or indirect, of the domestic applicant (i.e. entities operating businesses subject to IDC License) shall hold a valid Certificate of Hong Kong/Macau Service Supplier granted by Hong Kong Trade and Industry Department or Macau Economic and Technological Development Bureau; and (b) taking into account that the Company and the non-Hong Kong/Macau shareholders of the Company are unable to hold Certificate of Hong Kong/Macau Service Supplier and its possible spread of foreign shareholders immediately following the completion of the [REDACTED], such indirect foreign shareholders of the domestic applicants (i.e. entities operating businesses subject to IDC License) will not be viewed as Hong Kong/Macau service providers that satisfy the CEPA Qualification Requirements, and therefore the MIIT will not grant the IDC License to us even if an intermediate holding company within the Group fulfils the CEPA Qualification Requirements.

On the basis of the above, we are therefore required to carry out our current and future Cloud Computing and IDC Business through the Contractual Arrangements.

In addition to the Cloud Computing and IDC Business as mentioned above, the Group also operates the EDI Business and provides the SaaS Business powered by our proprietary technology infrastructure layer as the primary part of the Group’s Cloud Service Business.

### *EDI Business – Operation of our Group’s data middle platform*

Shanghai Trueland and Trueland Network are also engaged in, among other things, provision of Cloud Services Business through our data middle platform.

The provision of Cloud Services Business through our data middle platform involves the facilitation of transaction and data processing. As advised by our PRC Legal Advisor, transaction processing service falls within the scope of value-added telecommunications services under the Catalogue. The operation of our data middle platform requires the holding of a value-added telecommunications services license specifically for the provision of online data processing and transaction processing services (the “**EDI License**”).

Although the FITE Regulations provides that, unless otherwise stipulated, foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting value-added telecommunications services, pursuant to the Circular of the MIIT on Liberalizing the Restrictions on Foreign Shareholding Percentages in Online Data Processing and Transaction Processing Business (For-profit E-Commerce Business) (《工業和信息化部關於放開在線數據處理與事務處理業務(經營類電子商務)外資股比限制的通告》) which became effective on 19 June 2015, the foreign shareholding percentages of companies that engage in the third party transaction platform business can be up to 100%.

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Following the issue of the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) issued by the State Council (the “**Order No. 752**”) on March 29, 2022, the qualification requirements (the “**Qualification Requirements**”) previously set out in the FITE Regulations, for which the main foreign investor must satisfy for investing in a PRC value-added telecommunication business was removed with effect from May 1, 2022. As advised by our PRC Legal Advisor, in light of the removal of Qualification Requirements by Order No. 752, foreign investment in a company holding EDI License is no longer subject to the Qualification Requirements previously set out in Article 10 of the FITE Regulations.

Notwithstanding the Qualification Requirements has been removed by Order No. 752, with the Group’s technology infrastructure layer as the fundamental infrastructure for our overall business operation, the EDI Business is also highly integrated and correlated with our technology infrastructure layer in the following ways, and accordingly, it is not viable to segregate the EDI Business from the Cloud Computing and IDC Business (which requires IDC License as noted above):

- (a) the underlying data collected (e.g., user information, purchase patterns on the data middle platform) during the EDI Business would be ultimately transmitted to our technology infrastructure layer for providing features of analysis and storage. The cloud computing features of our technology infrastructure layer enables a comprehensive and efficient analysis of such data, on the basis of which our technology infrastructure layer would refine the offering of our data middle layer.
- (b) the operating features of our data middle layer including clients log-in, order details review, online purchase functions and data storage and analysis was, developed, operated, maintained and refined by our technology infrastructure layer.
- (c) further, our technology infrastructure layer and its related technical support extends to the entire Cloud Services Business to maximise the business efficiencies. For instance, we perform dual-system hot backup for all the data collected through various cloud-based services and solutions, which was maintained and technically supported by the same group of technical staff.

The PRC Legal Advisor conducted verbal consultations with MIIT in July 2021 (the “**2021 Consultation**”) and the 2024 Consultation, during which the officers of MIIT and Shanghai Communications Administration confirmed that they will defer to us to assess whether our EDI Business is highly integrated and correlated with our Cloud Computing and IDC Business based on its business needs, and based on our presentation, they have no objection to our assessment that the Group’s EDI Business is highly integrated and correlated with our Cloud Computing and IDC Business and therefore inseparable.

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As advised by our PRC Legal Advisor, MIIT is the competent authority to provide the above confirmation in relation to whether the EDI License shall be granted to foreign-invested enterprises, and CAICT has the competent authority to interpret and explain the relevant policies and to address our enquiries to it above.

Based on above, we are of the view that it would be impracticable for Shanghai Trueland and Trueland Network to be partly held by foreign investors, and we are therefore required to operate the EDI Business through the Contractual Arrangements.

### ***SaaS Business – provision of SaaS solutions***

As advised by the PRC Legal Advisor, the provision of SaaS Business is not strictly subject to foreign investment restrictions. However, as the SaaS Business operated by the Group is highly integrated and correlated with the Group's underlying technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibition, and cannot be separated from such infrastructure as explained below:

***A. The whole SaaS Business is highly integrated and correlated with and powered by the Group's technology infrastructure layer, which is subject to foreign investment restrictions.***

The foundation of the Group's SaaS offering is our proprietary technology infrastructure layer, a basic cloud technology-driven infrastructure which provides the fundamental capabilities (including cloud computing, comprehensive data analytics, data storage and Internet data centre capabilities) and environment for development, upgrade and operation of the Group's wide spectrum of SaaS solutions. The Group's SaaS Business is highly integrated and correlated with the Group's technology infrastructure layer in the following ways, among other things:

- the Group's SaaS offering is supported by our computing services provided through our technology infrastructure layer with customised features catering for specific SaaS products to elevate the functions of the services offered by the SaaS Business as well as gain access to valuable data insights generated by SaaS Business. It integrates the Company's cloud architecture functions with the R&D of our SaaS products;
- the Group's cloud-related services directly derived and offered through our technology infrastructure layer also forms an integral part of its SaaS offerings. For example, the Company opens certain functions of its technology infrastructure layer as part of its SaaS offerings to users to support and facilitate their use of our SaaS products. A vast majority of the Group's SaaS contracts also contain cloud computing related functions (the offering of which is subject to IDC License) as an integral part of such offering to further improve the outcomes that the customers wish to achieve with the relevant SaaS products; and

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- the Group's SaaS Business also relies upon the IP addresses linked with our technology infrastructure layer virtual servers to establish and operate online marketplace for the clients. As such, in absence of the Group's technology infrastructure, each online marketplace would require separate IP addresses registered with other public cloud platform, which would reduce operational efficiency of the Group. In addition, without the IP address linkage mentioned above, the Group would not be able to offer its end-to-end all-in-one SaaS products.

Based on the above, it is not viable nor practicable to segregate the SaaS Business from the other Cloud Services Business of the Group given their underlying cloud architecture and technologies are the same. If the SaaS Business were to be artificially segregated and operated through different entities within the Group, it would distort the true nature of these service offerings and the SaaS Business is not able to be functioned appropriately without the underlying cloud architecture and technologies.

***B. Separating the Group's SaaS Business would fundamentally undermine the operation and offering of its SaaS solutions.***

Unlike certain other SaaS products providers on the market, the Group's proprietary technology infrastructure layer underpins the competitive advantage of the Group's provision of Cloud Services Business. It enables the Group to leverage our cloud computing, data storage, IDC capabilities to provide efficient, stable and secure SaaS services, such as through better data protection of consumers, more precise customisation, and improved processing and back-up capabilities. Since the launch of our technology infrastructure layer in 2016, the Group regularly revamps it in order to elevate the functions of the cloud computing services and enhance its processing/storage capacities and data security protective measures, and in turn optimise the efficiency of the Company's SaaS products. While the Group continuously refines and upgrades the function and capabilities of our technology infrastructure layer based on the development and demand of SaaS solutions, the SaaS Business also relies on the upgrades of our technology infrastructure layer in order to improve the variety and efficiency of our service offerings. This mutually symbiotic relationship between the SaaS Business and the underpinning technology infrastructure layer reflects the complete integration of the SaaS Business into the Group's integrated cloud service and solution offerings, making it inseparable from the remaining Cloud Service Business in practice.

***C. Unified technical support and marketing service across all Cloud Service Business (including SaaS Business) will maximize efficiencies and economies of scale.***

The Group's technology infrastructure layer and its related technical support extends to the entire Cloud Service Business including the SaaS Business to maximise the business efficiencies. For instance, the Group performs dual-system hot backup for all the data collected through various cloud-based services and solutions, which was maintained and technically supported by the same group of technical staff. In addition, the research and development of SaaS solutions and our technology infrastructure layer was handled by the same R&D team based on shared understanding and planning of SaaS solutions and the basic technology

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infrastructure. Further, the Group also established a core management team supporting (among other things) the sales and marketing of the Group’s Cloud Service Business, including SaaS solutions and cloud computing solutions (which requires IDC License for such sales as noted above). As such, the SaaS Business has been highly integrated and correlated with our technology infrastructure layer and it is technologically and commercially impracticable to separate the SaaS Business as a standalone service from the Group’s Cloud Service Business without fundamentally changing our business models and operations, which might result in an adverse impact on our business operations and the quality of services offered.

In light of the above, given that the Company’s SaaS solutions contain inseparable features or function of cloud computing and are integrated with the Group’s technology infrastructure layer, which is subject to IDC License, the entities which are principally engaged in sales and marketing of SaaS solutions (the “**SaaS Business Entities**”) cannot therefore be separated from Shanghai Trueland, being the entity holding the IDC License, and it is necessary for the Company to operate our SaaS Business under the Contractual Arrangements.

In this regard, our PRC Legal Advisor conducted the 2021 Consultation with officer of the MIIT, during which the Company represented to the MIIT officer that SaaS Business is highly integrated and correlated with the Group’s Cloud Computing and IDC Business (being the business subject to IDC License) and cannot be separated from the Company’s cloud technology infrastructure; and in response, the relevant officer confirmed that that they will defer to the Company to assess whether such businesses are highly integrated and correlated, and based on the Company’s presentation, they have no objection to the Company’s assessment. As advised by our PRC Legal Advisor, MIIT is the competent authority to address our inquiries in this regard above. Further, our PRC Legal Advisor also conducted a verbal consultation in May 2023 (the “**2023 Consultation**”) with officer of Shanghai Communications Administration (上海市通信管理局), the competent authority to address the consultation and inquiries made in the 2023 Consultation as advised by the PRC Legal Advisor. During the 2023 Consultation, the Company represented that our SaaS solutions contain inseparable features and functions of cloud computing; and in response, the officer confirmed that (i) such SaaS solutions offered by the Group are subject to IDC License; and (ii) the SaaS Business Entities cannot be structurally separated from Shanghai Trueland, being the entity holding the IDC License, and may carry out SaaS Business in practice if they are subsidiaries of Shanghai Trueland.

Based on the above, the Group is therefore required to operate SaaS Business through the Contractual Arrangements, and we are of the view that the Contractual Arrangements in respect of the Cloud Service Business remain narrowly tailored.

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### Reason for Adoption of Contractual Arrangements for the Precision Marketing Entities

As advised by our PRC Legal Advisor, provision of precision marketing services is not strictly subject to foreign investment restrictions. However, similar to its SaaS Business, the provision of Precision Marketing Business is also powered by the Company’s proprietary technology infrastructure layer, and therefore has been highly integrated and correlated with the Group’s underlying technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibition, and cannot be separated from such infrastructure as further explained below.

**A. *The whole Precision Marketing Business is highly integrated and correlated with and powered by the Group’s technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibitions.***

As disclosed above, the Group’s proprietary technology infrastructure layer is a cloud technology-driven infrastructure which provides cloud computing, comprehensive data analytics, data storage and internet data centre capabilities, which provides strong technical support for the Precision Marketing Business in the following ways:

- Our Precision Marketing Business is operated by the Precision Marketing Entities (including Shanghai Kaililong, Wuxi Kaililong, Guangzhou Kaililong etc.) by no means merely as third-party users adopting the cloud computing service and data analytic capabilities of the Group’s technology infrastructure layer. The Company’s business operating and client management system for Precision Marketing Business during the Track Record Period utilizes the cloud computing technology of the Group to cover the full life cycle of our precision marketing services, and enables a comprehensive and efficient analysis of data transmitted back to the underlying infrastructure to enable the function and capabilities of the corresponding precision marketing solutions to achieve precise customisation. In addition, the cloud computing and comprehensive data analytic capabilities offered through the technology infrastructure layer will proactively and automatically generate recommendations as to advertisement layout and content, and target market and customers, which enables the Group’s advertisement production and content creation, as well as maximizes the marketing effect and return.
- As noted in the flow chart in “Business – Precision Marketing – Online Advertisement Solution Services” of this document, the technology empowerment from the Group’s technology infrastructure layer forms an integral part of the online advertisement solutions offered to the clients. For example, the Group’s online advertisement solutions contain built-in cloud-backed tool named “臻惠投 – 卧龍” (TMS-WOLONG), which is developed and maintained on the Group’s technology infrastructure layer and is dedicated to improving marketing efficiency. To be more specific, the Group will be able to monitor the completion rate (完播率) of a marketing video and carry out real-time data acquired therefrom, and further optimise the content creation for the marketing deliverables to Group’s customers. It also compiles and consolidates underlying marketing data of various advertisements placed by the same customer for their review and analysis, and further improve the efficiency of the marketing results.

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- Similarly, in the course of providing the Group’s online advertisement distribution services, the Group would, in parallel, offer a built-in cloud-backed tool named “臻惠投-麥斯引擎 (CID)” (TMS-MAX ENGINE) which is developed, operated, updated and maintained on the Group’s technology infrastructure layer. Such tool would primarily compile, analyse and transmit the underlying customers’ purchase-related behavioural data, being a unique tracking parameter (for example, order placed by end customers), at relevant e-commerce platforms whenever such end customers click on an advertisement placed by the Group on its media partners. Based on such data collection, consolidation and analysis offered through the technology infrastructure layer, the data summary seized and analysed by such cloud-backed tool will be provided to such media partners to generate recommendations as to target market and customers for similar advertisement content, with a view to maximizing its marketing effect.
- Meanwhile, the link embedded (which redirects end users to the Group’s customers’ websites) in the precision marketing materials or advertisements distributed or made by the Group on behalf of its customers requires ICP (internet content provider) filing with the relevant local communication administration. As an integral part of the Group’s end-to-end all-in-one precision marketing offerings, with support of Shanghai Trueland, the Precision Marketing Entities will also prepare, submit, complete the relevant ICP filings and conduct verification process of ICP filings for its customers, which needs to rely on the IDC License held by Shanghai Trueland.
- In addition to the above, the entire business operating system for our Precision Marketing Business, including clients log-in, credit period application by the clients, services fee settlement and data storage and analysis was, developed, operated, maintained and powered by our technology infrastructure layer, which our technical staff systematically revamped in order to apply our micro-app algorithms to elevate the efficiency and functions of the client management and maintenance in our Precision Marketing Business (for example, further improvement on the service fee settlement and credit period application services based on the analysis of the transaction data through our technology infrastructure layer). The support of our technology infrastructure layer would also enable us to gain more clarity and visibility on our clientele through the analysis of underlying data collected, and therefore to design and refine the combination and variety in our precision marketing solutions and service offering.

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***B. Unified technical support across the Cloud Service Business and the Precision Marketing Business will maximize efficiencies and economies of scale.***

From a technological support perspective, there is only one unified technical support service across our Cloud Service Business and the Precision Marketing Business in order to maximize efficiencies and economies of scale. The integration of technical support extends to the Precision Marketing Business as well, which is powered, maintained and further developed by our technology infrastructure layer (in particular, the cloud computing technology). Similar to the SaaS Business, the Group performs dual-system hot backup for all the data collected through its online advertisement solution services and online advertisement distribution services, which was necessarily maintained and technically supported by the same group of technical staff. As mentioned above, since the launch of our technology infrastructure layer in 2016, the Group regularly revamps it in order to elevate the functions of the cloud computing services and enhance its processing/storage capacities and data security protective measures, and in turn also optimise the efficiency in marketing effect and return and the content production of the Company's precision marketing solutions and services. While the Group continuously refines and upgrades the function and capabilities of our technology infrastructure layer, the Precision Marketing Business relies on such upgrades of our technology infrastructure layer in order to improve the variety and efficiency of our service offerings. This mutually symbiotic relationship between the Precision Marketing Business and the underpinning technology infrastructure layer reflects the complete integration of the Precision Marketing Business into our cloud computing infrastructure, this business segment enjoys full support from our proprietary technology and self-owned data centers. Therefore, it is technologically impossible to separate the Precision Marketing Business from our technology infrastructure layer (in particular, the cloud computing technology) without fundamentally changing our business models and operations, which might adversely affect our business operations and the quality of services offered.

***C. Separating the Group's Precision Marketing Business would fundamentally undermine the operation and offering of its precision marketing service solutions.***

Unlike certain other precision marketing service providers in the market, the Group's proprietary technology infrastructure layer underpins the competitive advantage of the Group's provision of Precision Marketing Business as well. Compared to public cloud offered by other cloud service providers, it enables the Group to leverage its cloud computing, data storage, IDC capabilities to provide efficient, and more refined precision marketing services, such as through better data protection of consumers, more precise customisation, and improved data analytic capabilities. According to Frost & Sullivan, proprietary technology infrastructure can provide the Group higher data security and privacy for its Precision Marketing Business as the Company had sole access to the virtualized resources, and also have higher control of its configuration and administration with little restrictions, which highlights the key competitive edge of the Group as compared to other industry peers and lays solid foundation for the Company's capabilities to offer services to wide spectrum of clients with various demands for data protection and privacy.

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As noted above, the Company's business operating and client management system for Precision Marketing Business during the Track Record Period utilizes the cloud computing technology of the Group to cover the full life cycle of precision marketing services. As such, if public cloud was adopted as an intermediary to artificially segregate our Precision Marketing Business from the Group's proprietary technology infrastructure layer, such arrangement will impair the compatibility of the value-added features offered through the Group's built-in cloud-backed tools during the process of service offering, and therefore defeat the efficiency and stability in real-time transmission of the underlying data collected through the Company's precision marketing solutions and advertisement distribution back to the technology infrastructure layer for cloud computing and data analysis, and the Company will therefore not be able to generate real-time recommendation for upgrades and improvements on marketing effect. This would fundamentally damage the Group's competitive edge in the Precision Marketing Business.

On the above basis, the Precision Marketing Business has been highly integrated and correlated with the Group's technology infrastructure layer and it is technologically and commercially impracticable to artificially separate the Precision Marketing Business as a standalone service from the Group's technology infrastructure without fundamentally changing its business models and operations, which might result in a material adverse impact on our business operations and the quality of services offered. Further, on the basis that (i) as illustrated above, functions in the Group's precision marketing solutions (including built-in cloud-backed precision marketing tools developed, operated, updated and maintained on the Group's technology infrastructure layer) and the ICP filing services complementary to its overall Precision Marketing Business are offered as an integral part of the Group's precision marketing offerings and (ii) the Group's Precision Marketing Business is subject to contractual restrictions with its key business partners and major customers on separating from its technology infrastructure layer, the Precision Marketing Entities cannot therefore be separated from Shanghai Trueland, being the entity holding the IDC License.

In this regard, our PRC Legal Advisor conducted the 2021 Consultation with officer of the MIIT, during which the Company represented to the MIIT officer that Precision Marketing Business is highly integrated and correlated with the Group's Cloud Computing and IDC Business (being the business subject to IDC License) and cannot be separated from the Company's cloud technology infrastructure; and in response, the relevant officer confirmed that that they will defer to the Company to assess whether such businesses are highly integrated and correlated, and based on the Company's presentation, they have no objection to the Company's assessment. As advised by our PRC Legal Advisor, MIIT is the competent authority to address our inquiries in this regard above. Further, during the 2023 Consultation conducted by our PRC Legal Advisor, the Company represented that the Group's Precision Marketing Business contains the function of ICP filing-for-record and the related verification of filing information which needs to be conducted by a IDC License holder; and in response, the officer confirmed that (i) such Precision Marketing Business offered by the Group is subject to IDC License, and that (ii) the Precision Marketing Entities, being wholly owned subsidiaries of Shanghai Trueland, cannot be structurally separated from Shanghai Trueland, being the entity holding the IDC License, and may carry out Precision Marketing Business in practice.

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#### Overview

Because foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations as outlined above, we do not directly own any equity interest in our Consolidated Affiliated Entities.

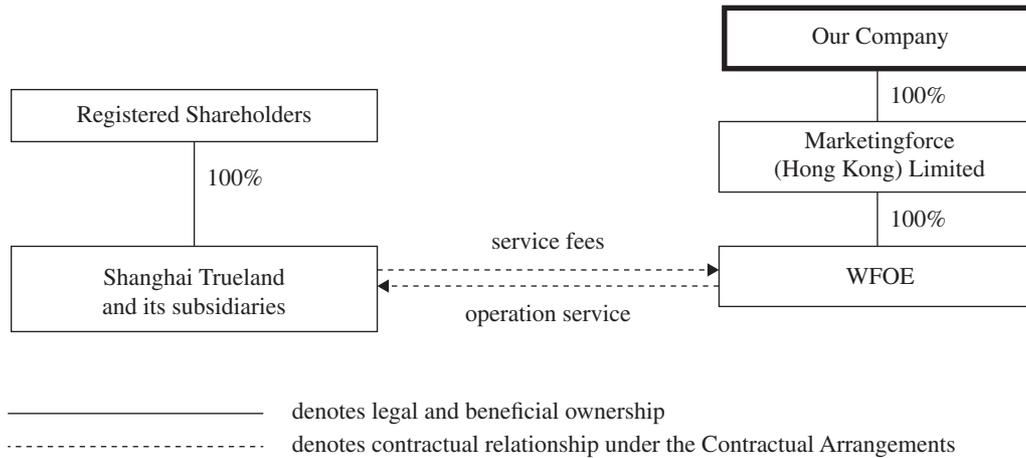
In view of the aforementioned PRC regulatory background as advised by our PRC Legal Advisor and verbal consultations mentioned above, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements.

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. Pursuant to the Reorganization, we acquired equity interests in entities whose businesses are not subject to foreign investment restrictions and entered into Contractual Arrangements between the WFOE, and Shanghai Trueland (which holds the remaining Consolidated Affiliated Entities) and the Registered Shareholders. The Contractual Arrangements allowed the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group. Based on the above, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our Directors believe that the Contractual Arrangement are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOE and our Consolidated Affiliated Entities; (ii) by entering into the exclusive business cooperation agreement with the WFOE, which is our wholly-owned subsidiary incorporated in PRC, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the [REDACTED], and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

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The following simplified diagram illustrates the flow of economic benefits from Shanghai Trueland to our Group under the Contractual Arrangements:



*Notes:*

- (1) The Registered Shareholders of Shanghai Trueland are Mr. Zhao as to 39.85%, Ms. Zhu as to 33.70%, Shanghai Hongyu as to 10.87%, Ms. ZHAO Fangqi as to 8.70%, Shanghai Zhiyu as to 2.54%, Mr. TAN Kaihua as to 2.17%, Ms. XU Wenhua as to 1.60%, and Mr. GUO Peimin as to 0.57%.
- (2) Shanghai Trueland’s subsidiaries, being:
  - Trueland Network, which is primarily engaged in operation of Cloud Services Business through the data middle platform;
  - Shanghai Kaililong, Wuxi Kaililong, Guangzhou Kaililong, engaged in Precision Marketing Business;
  - Guangdong Trueland, Ningbo Trueland Information Technology Co., Ltd. (寧波珍島信息技術有限公司), Wenzhou Trueland Information Technology Co., Ltd. (溫州珍島信息技術有限公司), Suzhou Trueland Information Technology Co., Ltd. (蘇州珍島信息技術有限公司), Hangzhou Trueland Information Technology Co., Ltd. (杭州珍島信息技術有限公司), Shanghai Trueland Intelligence Technology Group Co., Ltd. (上海珍島智能技術集團有限公司), Trueland Digital, Hubei Trueland Digital Intelligent Technology Co., Ltd. (湖北省珍島數字智能科技有限公司), Dongchali, Jinhua Trueland Information Technology Co., Ltd. (金華市珍島信息技術有限公司), Zhongshan Trueland Information Technology Co., Ltd. (中山珍島信息技術有限公司), Chengdu Trueland, and Taizhou Trueland Information Technology Co., Ltd. (台州珍島信息技術有限公司), which are engaged in SaaS Business and intends to be engaged in sale of cloud computing solutions;
  - Wuxi Trueland, Wuxi Trueland Intelligence, engaged in both Precision Marketing Business and SaaS Business; and
  - Shanghai Kaililong Big Data Technology Group Co., Ltd. (上海凱麗隆大數據科技集團有限公司), being non-operating entity.
- (3) As of the Latest Practicable Date, Shanghai Trueland also holds 40% equity interest in Trueland Feizhi Enterprise Consulting (Shanghai) Co., Ltd. (珍島飛智企業諮詢(上海)有限公司), being a non-operating entity established in the PRC on February 2, 2024.

### Circumstances under which we will unwind the Contractual Arrangements

If the relevant business is no longer falling in the restrictions or certain conditions and permission of foreign investment access required under the applicable laws, and we can legally operate our business under PRC laws, regulations and policies, the WFOE will exercise the call option under the exclusive options agreement to acquire the equity interest/assets of the Consolidated Affiliated Entities and unwind the Contractual Arrangements subject to any application or approval procedures and the approval by the relevant governmental authorities.

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## CONTRACTUAL ARRANGEMENTS

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### Summary of the agreements under the Contractual Arrangement and other key terms thereunder

A description of each of the specific agreements that comprise the Contractual Arrangement is set out below.

#### *Exclusive Business Cooperation Agreement*

As part of the Contractual Arrangement, Shanghai Trueland and the WFOE [have entered into] the amended and restated exclusive business cooperation agreement (the "**Exclusive Business Cooperation Agreement**"), pursuant to which Shanghai Trueland have agreed to engage the WFOE as its exclusive services provider, providing services which may include all services within the business scope of Shanghai Trueland, as may be determined from time to time by WFOE, including technical services, information technology consultation service, software development, in exchange for service fees. Shanghai Trueland and WFOE agreed that during the term of the Exclusive Business Cooperation Agreement, they may enter into further technical service agreements or consulting service agreements, which shall provide the specific contents, manner, personnel, and fees for the specific technical services and consulting services.

Under the Exclusive Business Cooperation Agreement, the service fees shall consist of 100% of the net income of Shanghai Trueland and its subsidiaries. Notwithstanding the foregoing, the WFOE may, at its sole discretion, adjust the rate of service fees based on the services rendered by Shanghai Trueland in each month and the operational needs of Shanghai Trueland through prior written notice, and Shanghai Trueland will accept any such adjustment. The WFOE will calculate the service fees on a monthly basis and issue a corresponding invoice to Shanghai Trueland. Notwithstanding the payment arrangements in the Exclusive Business Cooperation Agreement, WFOE may adjust the payment time and method, and Shanghai Trueland will accept any such adjustment. The service fees would be due and payable on a monthly basis. Shanghai Trueland would (a) deliver to the WFOE the management accounts and operating statistics of Shanghai Trueland for each month, including the net income of Shanghai Trueland and its subsidiaries during such month, and (b) pay 100% of such monthly net income, or other amount agreed by the WFOE, to the WFOE within 30 days after the end of each month. Shanghai Trueland shall (a) deliver to the WFOE audited consolidated financial statements of Shanghai Trueland for each fiscal year, which shall be audited and certified by an independent certified public accountant as selected and approved by the WFOE, and (b) pay an amount to the WFOE which equals to the shortfall, if any, of the net income of Shanghai Trueland and its subsidiaries for such fiscal year, as shown in such audited financial statements, as compared to the aggregate amount of the monthly payments paid by Shanghai Trueland to the WFOE in such fiscal year, within 90 days after the end of each fiscal year.

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In addition, without the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreement, with respect to the services subject to the Exclusive Business Cooperation Agreement and other matters, Shanghai Trueland shall not accept any similar consultations and/or services provided by any third party and shall not establish similar corporation relationship with any third party similar to those formed by the Exclusive Business Cooperation Agreement with any third party.

The Exclusive Business Cooperation Agreement also provide that the WFOE has exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created or developed by the WFOE during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement remain in effect unless terminated by written notice from the WFOE. Shanghai Trueland shall not terminate the Exclusive Business Cooperation Agreement prior to its expiration date.

### *Exclusive Option Agreement*

As part of the Contractual Arrangements, the Registered Shareholders [have entered into] the amended and restated exclusive option agreements (the "**Exclusive Option Agreements**") with Shanghai Trueland and WFOE, each of which contains similar terms and conditions. Pursuant to the Exclusive Option Agreements, the Registered Shareholders, jointly and severally, irrevocably granted the WFOE an irrevocable and exclusive option, exercisable in one or more times, to purchase or cause any person(s) designated by the WFOE to purchase, to the extent permitted under any applicable PRC laws, a portion of or all of the respective Registered Shareholders' equity interests in Shanghai Trueland, at any time and from time to time, for a consideration equals to, as applicable, the minimum amount of consideration permitted by applicable PRC laws. The consideration in relation to purchasing assets from Shanghai Trueland shall be the lowest price as permitted under the applicable PRC laws.

Shanghai Trueland and the Registered Shareholders, among other things, have covenanted that:

- (i) without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the articles of association and bylaws of Shanghai Trueland, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- (ii) they shall maintain Shanghai Trueland's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;

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## CONTRACTUAL ARRANGEMENTS

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- (iii) without the prior written consent of the WFOE, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Shanghai Trueland or legal or beneficial interest in the business or revenues of Shanghai Trueland, or allow the encumbrance thereon of any security interest;
- (iv) without the prior written consent of the WFOE, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to the WFOE for which the WFOE's written consent has been obtained;
- (v) they shall always operate all of Shanghai Trueland's businesses during the ordinary course of business to maintain the asset value of Shanghai Trueland and refrain from any action/omission that may affect Shanghai Trueland's operating status and asset value;
- (vi) without the prior written consent of the WFOE, they shall not cause Shanghai Trueland to execute any major contract, except the contracts in the ordinary course of business (a contract with a value exceeding RMB5,000,000 shall be deemed a major contract);
- (vii) without the prior written consent of the WFOE, they shall not cause Shanghai Trueland to provide any person with any loan or credit;
- (viii) they shall provide the WFOE with information on Shanghai Trueland's business operations and financial condition at Shanghai Trueland's request;
- (ix) if requested by the WFOE, they shall procure and maintain insurance in respect of Shanghai Trueland's assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- (x) without the prior written consent of the WFOE, they shall not cause or permit Shanghai Trueland to merge, consolidate with, acquire or invest in any person;
- (xi) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Shanghai Trueland's assets, business or revenue;
- (xii) to maintain the ownership by Shanghai Trueland of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

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- (xiii) without the prior written consent of the WFOE, they shall ensure that Shanghai Trueland shall not in any manner distribute dividends to its shareholders, provided that upon the WFOE's written request, Shanghai Trueland shall immediately distribute any or all distributable profits to its shareholders;
- (xiv) at the request of the WFOE, they shall appoint any persons designated by the WFOE as the director and/or executive director of Shanghai Trueland;
- (xv) without the prior written consent of the WFOE, they shall not engage in any business that competes with the WFOE or its affiliates; and
- (xvi) unless required by PRC law, Shanghai Trueland shall not be dissolved or liquidated without the WFOE's written consent.

In addition, the Registered Shareholders of Shanghai Trueland, among other things, have covenanted that:

- (i) without the prior written consent of the WFOE, they shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the shares in Shanghai Trueland held by them, or allow the encumbrance thereon of any security interest, except for the pledge placed on these shares in accordance with the Share Pledge Agreements;
- (ii) they shall cause the shareholders' meeting and/or the board of directors and/or executive director of Shanghai Trueland not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the shares in Shanghai Trueland held by them, or allow the encumbrance thereon of any security interest, without the prior written consent of the WFOE, except for the pledge placed on these shares in accordance with the Share Pledge Agreements;
- (iii) they shall cause the shareholders' meeting or the board of directors and/or executive director of Shanghai Trueland not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of the WFOE;
- (iv) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the shares in Shanghai Trueland held by them;
- (v) they shall cause the shareholders' meeting or the board of directors and/or executive director of Shanghai Trueland to vote their approval of the transfer of the portion of shares to be purchased from them and to take any and all other actions that may be requested by the WFOE;

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- (vi) to the extent necessary to maintain their ownership in Shanghai Trueland, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- (vii) they shall appoint any designee of the WFOE as the director and/or executive director of Shanghai Trueland, at the request of the WFOE;
- (viii) at the request of the WFOE at any time, they shall promptly and unconditionally transfer their shares in Shanghai Trueland to the WFOE's Designee(s) in accordance with the Exclusive Option Agreement, and the Shareholders hereby waive their rights of first refusal (if any) to the share transfer by the other existing shareholder of Shanghai Trueland (if any);
- (ix) if they receive any profit distribution, dividends or liquidation proceeds from Shanghai Trueland, the Shareholder shall promptly donate such profits, dividends and liquidation proceeds to the WFOE or any person designated by the WFOE in a manner permitted by PRC law; and
- (x) they shall strictly abide by the provisions of the Exclusive Option Agreement and other contracts jointly or separately executed by and among them, the WFOE and Shanghai Trueland, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that they have any remaining rights with respect to the shares subject to Exclusive Option Agreement hereunder or under the Share Pledge Agreements or under the Powers of Attorney granted in favor of the WFOE, they shall not exercise such rights except in accordance with the written instructions of the WFOE.

The Registered Shareholders have also undertaken that, subject to the relevant laws and regulations, they will return to the WFOE any consideration they receive in the event that the WFOE exercise the options under the Exclusive Option Agreement to acquire the equity interests in Shanghai Trueland.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Shanghai Trueland have been transferred to the WFOE or its designee(s).

### *Share Pledge Agreements*

As part of the Contractual Arrangements, the respective Registered Shareholders [have entered into] the amended and restated share pledge agreements (the "**Share Pledge Agreements**"), with Shanghai Trueland and the WFOE, each of which contains similar terms and conditions. Pursuant to the Share Pledge Agreements, the Registered Shareholders agreed to pledge all their respective equity interests in Shanghai Trueland that they legally own to the WFOE as a first security interest to guarantee the timely and complete payment and performance of contractual obligations under the relevant Contractual Arrangements.

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The Share Pledge Agreements came into effect upon completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders of Shanghai Trueland and Shanghai Trueland under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders of Shanghai Trueland and Shanghai Trueland under the relevant Contractual Arrangements have been paid. The share pledges under the Share Pledge Agreements have been duly registered with the relevant PRC authority pursuant to the relevant PRC laws.

Among other things, the Registered Shareholders have undertaken that without the WFOE's prior written consent, they will not transfer their equity interests, place or permit the existence of any security interest or other encumbrance on their equity interests, or disposal of the equity interests in any other means, except for the performance of the Exclusive Option Agreement.

Upon the occurrence of an event of default (as defined in the Share Pledge Agreements), the WFOE may, at any time thereafter, serve a default notice to the Registered Shareholders, upon which the WFOE may exercise its right of pledge according to the Share Pledge Agreements, or otherwise dispose of the pledged equity interest in accordance with applicable Laws, unless the event of default has been resolved in the satisfactory of the WFOE within 20 working days after the default notice has been served. The WFOE may exercise such right of pledge based on its own independent judgement. The Registered Shareholders and Shanghai Trueland have covenanted to provide necessary assistance to the WFOE when the WFOE exercises such right of pledge. Shanghai Trueland shall have no obligation to the WFOE for any deficiency remaining after such disposition of the equity interests pledged.

Under the Share Pledge Agreements, the Registered Shareholders have agreed that, without prior written consent of the WFOE, they will not transfer or dispose the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice the WFOE's interest.

As of the Latest Practicable Date, the registrations of the Share Pledge Agreements in relation to Shanghai Trueland had been completed.

### *Powers of Attorney*

Under the irrevocable powers of attorney executed by each of the Registered Shareholders on the same date (the "**Powers of Attorney**"), the Registered Shareholders have appointed WFOE and its designated persons (including but not limited to the directors of the holding companies of WFOE and their successors and the liquidators replacing such directors or successors, but excluding those who are non-independent or who may give rise to conflict of interests) as their agent and attorney to act on their behalf on all matters concerning Shanghai Trueland and to exercise all of their rights as a registered shareholder of Shanghai Trueland, including but not limited to: (i) the right to attend shareholders' meetings and sign resolutions on behalf of the relevant Registered Shareholder; (ii) the right to exercise all shareholder rights

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and shareholder voting rights under applicable PRC laws and the articles of association of Shanghai Trueland, including but not limited to the sale or transfer or pledge or disposition of the Registered Shareholders' respective shareholdings in part or in whole, and the right to submit any required documents to the relevant authorities; and (iii) the right to designate and appoint on behalf of the Registered Shareholders the legal representative, the executive director and/or director, supervisor, the chief executive officer and other senior management members of Shanghai Trueland.

Further, pursuant to the Powers of Attorney and to ensure that it does not give rise to a conflict of interest, each of the Registered Shareholders of Shanghai Trueland irrevocably undertakes that:

- (i) the authorisations under the Powers of Attorney will not lead to any potential conflict of interests between WFOE and the Registered Shareholders; and
- (ii) if any conflict of interest occurs during the performance of the Contractual Arrangements, WFOE's interest shall take priority.

The Powers of Attorney remain effective as long as the Registered Shareholders remain shareholders of the Shanghai Trueland, unless WFOE requests to replace the appointed designee under the Powers of Attorney.

The articles of association of Shanghai Trueland state that the shareholders, in a shareholders' meeting, have the power to approve its operating strategy and investment plan, appoint the executive director, and review and approve the annual budget and earning distribution plan. Therefore, through the irrevocable power of attorney arrangement, our Company and WFOE, can exercise effective control over Shanghai Trueland through shareholder votes and, through such votes, to also control the composition of the board of directors for Shanghai Trueland.

### *Loan Agreements*

Under the amended and restated loan agreements [have entered into] by the WFOE and each of the Registered Shareholders (the "**Loan Agreements**"), the WFOE agreed to provide each Registered Shareholder a loan in an amount equivalent to the registered capital in Shanghai Trueland subscribed by such Registered Shareholder, to be used exclusively as investment in Shanghai Trueland. Specifically, once the lender receives a notice from the borrower requesting the provision of all or any part of the loan during the term of the loan agreement, the lender shall within one (1) month after receiving such notice provide that portion of loan to the borrower. As of the Latest Practicable Date, the borrower had not requested the provision of the loan and the lender had not provided the loan to the borrower. The loans must not be used for any other purposes without the WFOE's prior written consent.

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The term of each loan shall be long term unless otherwise indicated by the lender. The loan shall terminate on the date the lender exercises its exclusive purchase option under the relevant Exclusive Option Agreement, or when certain defined termination events occurs, such as when the lender sends a written notice demanding repayment to the borrower, or upon the default of the borrower, whichever is earlier.

After the lender exercises its exclusive purchase option, the borrower shall repay the loan by and solely by transferring all of the borrower's equity interest in Shanghai Trueland pursuant to the Exclusive Option Agreement along with all the proceeds obtained from such share transfer to the lender or the lender's designated persons.

### *Partners Undertaking*

Each of the partners (the "**Partners**", including limited partners and general partners) of Shanghai Hongyu and Shanghai Zhiyu (the "**LPs**"), [has signed] an unconditional and irrevocable undertaking (the "**Partners Undertaking**") to the effect, among others, that each of them undertakes:

- to procure the Partners to continuously comply with the Contractual Arrangements and will not initiate or adopt any claims which will contradict the Contractual Arrangements;
- their interests in Shanghai Trueland through the LPs are beneficially owned by the WFOE and he/she will not claim on such interests;
- without prior written consent of the WFOE or its designated person, he/she will not, and will procure the LPs not to, with the intend to impact the validity and stability of the Contractual Arrangements, amend the partnership agreement, partnership composition or dispose any interests in the LPs;
- to transfer his/her interests in the LPs to the designated person in accordance with the instruction of the WFOE or its designated person to the extent permissible by applicable laws, and to remit the consideration (if any) to the WFOE or its designated person;
- to procure the LPs not to raise any proposition or take any action against the Contractual Arrangements based on theirs shares in Shanghai Trueland;
- if the WFOE or any individual designated by it requires amendments on relevant items of the LPs in accordance with the Contractual Arrangements, to facilitate and accomplish such requirements as requested; and
- if he/she breaches any of the undertakings, to bear liability of such breach in the same way as a breaching party does under the Contractual Arrangements and compensate for losses.

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### *Spousal Consent Letters*

The spouse of each of the individual Registered Shareholder and the partners of Shanghai Hongyu and Shanghai Zhiyu, where applicable, [have signed] consent letters (the “**Spousal Consent Letters**”) to the effect, among others, that

- (i) confirmed and agreed that any equity interests (together with any other interests therein) held by their respective spouse as a Registered Shareholder or as a limited partners of the LPs, as the case may be, are separate properties of their spouse and do not fall within the scope of communal properties; their respective spouse and LPs are entitled to deal with the respective spouse’s equity interests and any interests therein in Shanghai Trueland in accordance with the Contractual Arrangements without the prior consent of them;
- (ii) confirmed that the respective spouse may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her;
- (iii) confirmed that the respective spouse will enter into all necessary documents and take all necessary actions to ensure the due performance of Contractual Arrangements as amended from time to time; and
- (iv) unconditionally and irrevocably waives any right or benefits on such equity interests and assets in accordance with applicable laws and confirms that he will not have any claim on such equity interests and assets; and he has not and does not intend to participate in the operation and management or other voting matters of Shanghai Trueland.

### **Other Key Terms Thereunder**

#### *Dispute Resolution*

In the event of any dispute with respect to the interpretation or performance of the provisions, each of the Exclusive Business Cooperation Agreement, Exclusive Option Agreement, Loan Agreements and Share Pledge Agreements stipulates:(a) in the event of any dispute arising under or in connection with the Contractual Arrangements, the parties thereto shall negotiate to settle the dispute; and (b) in the event of the parties failing to reach an agreement within 30 days after the relevant dispute arises, the relevant dispute shall be submitted to the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) in accordance with the then effective arbitration rules. The arbitration award shall be final and binding on all parties. Any party shall have the right to apply to courts with competent jurisdiction for enforcement of arbitration awards after the relevant arbitration award comes into effect. During the dispute settlement period, except for the matters in dispute, the parties shall continue to exercise their respective rights and perform their respective obligations under the Contractual Arrangements.

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The dispute resolution clause also provides that: (i) the tribunal may award remedies over the shares or assets of Shanghai Trueland, injunctive relief (*e.g.*, for the conduct of business or to compel the transfer of assets) or order the winding-up of Shanghai Trueland; and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of establishment of Shanghai Trueland and the place where the main assets of Shanghai Trueland are located) also have jurisdiction to grant interim remedies and/or enforce an arbitral award or interim remedies against the shares or properties of Shanghai Trueland.

However, our PRC Legal Advisor has advised that the tribunal normally would not grant such injunctive relief or order the winding up of Shanghai Trueland pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws.

As a result of the above, if Shanghai Trueland or the Registered Shareholder breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Shanghai Trueland and conduct our business could be materially and adversely affected. See "Risk factors – Risks relating to Our Corporate Structure and Contractual Arrangements" for further details.

### ***Conflict of Interests***

Each of the Registered Shareholders has executed a Powers of Attorney, which addresses potential conflict of interests that may arise in connection with the Contractual Arrangements. See "Powers of Attorney" above.

### ***Succession***

The provisions set out in the Contractual Arrangements are also binding on the successors of the Relevant Individual Shareholders, as if the successors were signing parties to the Contractual Arrangements, save that the Loan Agreement is only binding on each of the Registered Shareholders. Pursuant to the Contractual Arrangements, each of the Registered Shareholders shall take all necessary actions to ensure that, save that the Loan Agreement is only binding on each of the Registered Shareholders, (i) his/her successors, guardians, and any other persons who may be entitled to assume rights and benefits in the equity interests of the Registered Shareholders in Shanghai Trueland upon his/her death, bankruptcy, loss of capacity (in respect of individuals) or any other circumstances that may affect his/her exercise of the shareholders' rights in respect of Shanghai Trueland shall be deemed to be signatories of the Contractual Arrangements and assume all rights and obligations under the Contractual Arrangements if any of such circumstances occur; and (ii) the successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements, and the WFOE may enforce its rights against the successors.

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### *Loss Sharing*

Under the relevant PRC laws and regulations, none of our Company nor the WFOE is legally required to share the losses of, or provide financial support to, Shanghai Trueland. Further, Shanghai Trueland is a company limited by shares and shall be solely liable for its own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist Shanghai Trueland in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through Shanghai Trueland, which hold the requisite the PRC operational Licenses and approvals, and that their financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Shanghai Trueland suffers losses.

However, as provided in the Exclusive Option Agreement, without the prior written consent of the WFOE, Shanghai Trueland shall not, among others: (a) sell, transfer, pledge or dispose of in any manner any of its assets; (b) create, succeed to, guarantee or permit any liability except (i) liabilities arising from the normal course of business, but not arising from loans; and (ii) liabilities disclosed to the WFOE and approved by the WFOE in writing; (c) provide loans or credit to any person (other than in the normal course of business); (d) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and (e) increase or reduce its registered capital, or alter the structure of the registered capital in any other way.

Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our Company in the event of any loss suffered from Shanghai Trueland can be limited to a certain extent.

### *Liquidation*

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Shanghai Trueland shall give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws.

### *Insurance*

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

### **Our Confirmation**

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through Shanghai Trueland under the Contractual Arrangements.

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### LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, we believe that the Contractual Arrangements are narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisors have advised that, upon execution of the Contractual Arrangements:

- (a) each agreement under the Contractual Arrangements is governed by PRC laws;
- (b) each agreement under the Contractual Arrangements is binding on the parties thereto and none of them would be void under the PRC Civil Code;
- (c) none of the Contractual Arrangements violates any provisions of the articles of association of Shanghai Trueland or our WFOE;
- (d) the execution, effectiveness, and the performance of the Contractual Arrangements are not subject to any approvals or authorizations from the PRC governmental authorities, except that:
  - (1) the exercise of the option by our WFOE of their rights under the Exclusive Option Agreement to acquire all or part of the equity interests in Shanghai Trueland are subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
  - (2) any share pledge contemplated under the Share Pledge Agreements are subject to the registration with competent administration bureau for market regulation;
  - (3) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and
- (e) each agreement under the Contractual Arrangements is valid, legal and binding under PRC laws, except in relation to the dispute resolution clause and liquidation or dissolution clause under these agreements. (1) These agreements provide that any dispute shall be submitted to the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) for arbitration, in accordance with the then effective arbitration rules. They also provide that the arbitrator may award interim remedies over the shares or assets of Shanghai Trueland or injunctive relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding-up of Shanghai Trueland; and the courts of Hong Kong, the Cayman Islands and the PRC also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies. However, our PRC Legal Advisor has advised that the tribunal normally would not grant such injunctive relief or order the winding-up of Shanghai Trueland pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas

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courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws. (2) The Contractual Arrangements provide that in case of a liquidation or dissolution of Shanghai Trueland, Shanghai Trueland shall, to the extent permitted by the PRC laws, appoint the personnel recommended by our WFOE to form a liquidation team to manage the property of Shanghai Trueland and its subsidiaries and branches. However, this provision does not apply in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation.

Our PRC Legal Advisor also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations and accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion. See “Risk Factors – Risks relating to our Corporate Structure and Contractual Arrangements – If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities” and “Risk Factors – Risks relating to Our Corporate Structure and Contractual Arrangements – We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.”

Nevertheless, based on the above analysis and above advice, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations, and except for the relevant clauses as described in the paragraph headed “Dispute Resolution” in this section, each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations.

## DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

### Background of the Foreign Investment Law

On 15 March 2019, the National People’s Congress approved the Foreign Investment Law which became effective on 1 January 2020. On 26 December 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on 1 January 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign-Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. As advised by our PRC Legal Advisor, if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual

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## CONTRACTUAL ARRANGEMENTS

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Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “Contractual Arrangements – Legality of the Contractual Arrangements.”

### **Impact and consequences of the Foreign Investment Law**

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of Shanghai Trueland, by the WFOE, through which we operate our business in the PRC. The Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of Shanghai Trueland will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk factors – Risks relating to our Corporate Structure and Contractual Arrangements – Our current corporate structure and business operations may be affected by the Foreign Investment Law.”

### **Filings and Approvals from PRC Governmental Authorities**

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

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as scrutinized and determined in accordance with law by competent authorities under the State Council; (iii) the domestic company intending to make the securities offering and listing, or the controlling shareholder(s) and the actual controller of such company, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

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## CONTRACTUAL ARRANGEMENTS

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The Overseas Listing Trial Measures also provides that the overseas securities offering and listing will be deemed as an indirect overseas offering by PRC domestic companies if (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year are accounted for by PRC domestic companies; and (ii) the issuer’s principal business activities are conducted in the PRC, or its principal place(s) of business are located in the PRC, or the senior executives responsible for its business operations and management are mostly Chinese citizens or persons domiciled in the PRC. It is not specified whether Chinese citizens from Taiwan, Hong Kong, and Macau are included in the foregoing specification. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted to the overseas regulators. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on any material events, such as change of control, investigation or punishment taken by overseas securities regulatory authorities, change of listing status or listing plate, or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

On the same day, CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which among others, clarifies that (i) the PRC domestic companies that have already been listed overseas on or before the effective date of the Overseas Listing Trial Measures (i.e., March 31, 2023) shall be deemed as existing issuers, or the Existing Issuers. Existing Issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (ii) on or prior to the effective date of the Overseas Listing Trial Measures, PRC domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from competent overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing prior to the completion of their overseas offering and listing; (iii) a six-month transition period from March 31, 2023 will be granted to PRC domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States) for their indirect overseas offering and listing, and if such companies complete their overseas offering and listing within such six months, they are deemed as Existing Issuers. However, if such domestic companies fail to complete the overseas issuance and listing within such six-month transition period, they shall file relevant documents with the CSRC in accordance with the requirements. At the press conference held for the Overseas Listing Trial Measures, officials from the CSRC clarified that, as for companies seeking the overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize resources in different markets.

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## CONTRACTUAL ARRANGEMENTS

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Based on the foregoing, if prior to the effective date of the Overseas Listing Trial Measures, the domestic enterprises have a valid overseas listing application and have not received the consent of the overseas regulator or overseas stock exchange, they may reasonably arrange the timing of filing the application and should complete the filing before the overseas offering and listing.

We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas [REDACTED] and [REDACTED] on February 7, 2024.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors – Risks relating to our Corporate Structure and Contractual Arrangements.”

### COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (d) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and Shanghai Trueland to deal with specific issues or matters arising from the Contractual Arrangements.

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## CONTRACTUAL ARRANGEMENTS

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### ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by the WFOE, Shanghai Trueland shall pay service fees to the WFOE. The service fee shall equal Shanghai Trueland's service fees shall consist of 100% of the net income of Shanghai Trueland. The WFOE has the right to periodically receive or inspect the accounts of Shanghai Trueland.

In addition, under the Exclusive Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders as the WFOE's prior written consent is required before any distribution can be made. If the Registered Shareholders receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the service fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to the WFOE or any other person designated by the WFOE to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between the WFOE, Shanghai Trueland and the Registered Shareholders, the WFOE can effectively control, recognize and receive substantially all the economic benefit of the business and operations of Shanghai Trueland. Accordingly, Shanghai Trueland are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of Shanghai Trueland is disclosed in Note 2.2(b) to the Accountant's Report set out in Appendix I to this document.

## CONNECTED TRANSACTIONS

Upon [REDACTED], transactions between members of our Group and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

### SUMMARY OF OUR CONNECTED TRANSACTIONS

The table below sets out a summary of transactions which will constitute connected transactions upon [REDACTED]:

No. connected transactions	Applicable rules	Waivers sought	Annual caps for the three years ending December 31, 2023, 2024 and 2025 <i>(RMB in thousands)</i>
<b>Fully exempt connected transaction</b>			
1. Financial Assistance from Mr. LIU Huan	14A.90	N/A	N/A
<b>Non-exempt continuing connected transaction</b>			
2. Contractual Arrangements	14A.34-36, 14A.49, 14A.52-53, 14A.59, 14A.105	Requirements as to announcement, circular, shareholders’ approval, terms not exceeding three years and annual caps under Chapter 14A of the Listing Rules	N/A

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

#### Financial assistance received by Shanghai Trueland from Mr. LIU Huan

##### *Background*

Mr. LIU Huan and/or his associates provided certain guarantees to independent commercial banks for facilities granted to Shanghai Trueland for an aggregate amount of RMB205 million (the “**Financial Assistance from Mr. LIU Huan**”), which will subsist following the completion of the [REDACTED], and are expected to be released in full by January 2025. As the Financial Assistance from Mr. LIU Huan is primarily used to supplement the daily working capital of precision marketing services business, Mr. LIU Huan, as a senior manager who joined Shanghai Trueland in 2012 and is currently the person in charge of the precision marketing services of our Group, voluntarily provided the Financial Assistant from Mr. LIU Huan together with other member companies in our Group to better support the

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## CONNECTED TRANSACTIONS

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Company’s development. Financial Assistance from Mr. LIU Huan has provided us with additional financing support as the commercial banks required individual guarantees for the bank loans and we do not intend to discharge the guarantee under Financial Assistance from Mr. LIU Huan prior to its full redemption or repayment for the following reasons: (i) Financial Assistance from Mr. LIU Huan is a commercial arrangement beneficial to our Company, which provided our Group with additional flexibility in forms of security available for our bank facilities, most of which are credit facilities requiring personal guarantees from our senior management; (ii) Financial Assistance from Mr. LIU Huan would help the Company get better conditions for its bank facilities compared with normal commercial terms, e.g., lower interest rates; and (iii) it would be unduly burdensome or commercially undesirable to release all guarantee under the Financial Assistance from Mr. LIU Huan as it would incur unnecessary additional costs, expenses and time. According to Frost & Sullivan, the industry consultant of the Company, it is not uncommon for commercial banks in the PRC to require one of (instead of all) the senior management who is not a controlling shareholder of a corporate entity to provide guarantees in addition to the guarantees provided by a corporate entity in relation to the loan to be obtained by a corporate entity while not requiring the controlling shareholder to be a joint guarantor.

Mr. LIU Huan and/or his associates have not and will not receive any form of consideration from our Group for Financial Assistance from Mr. LIU Huan. As at the Latest Practicable Date, Mr. LIU Huan was a limited partner and held 14.32% interest in Shanghai Hongyu, the Group’s employee stock ownership platform and one of the Registered Shareholders, and 14.32% equity interest in Shanghai Hongyu Limited, a Shareholder of our Company. For details of the historical loans by Mr. LIU Huan to the Group and the amount of guarantees provided by Mr. Liu Huan and/or his associates in favour of the Group, see “Financial Information – Related Party Transactions” and Note 26 to the Accountants’ Report in Appendix I to this document.

As at the Latest Practicable Date, save for their relationship as co-workers within the Group, there is no any other relationship (family, business, financing, employment) between Mr. LIU Huan and the Controlling Shareholders or founder of the Group.

### *Listing Rules Implications*

Mr. LIU Huan is a director of certain Consolidated Affiliated Entities, and therefore our connected person under the Listing Rules. The provision of the Financial Assistance by Mr. LIU Huan will constitute financial assistance in favor of our Group, and will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules upon the [REDACTED].

Since Financial Assistance by Mr. LIU Huan received by our Group is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of our Group, it constitutes continuing connected transactions under Rule 14A.90 of the Listing Rules, which are fully exempted from shareholders’ approval, annual review and all disclosure requirements applicable under Chapter 14A of the Listing Rules. Our Directors (including our independent

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## CONNECTED TRANSACTIONS

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non-executive Directors) have confirmed that the transactions contemplated under Financial Assistance by Mr. LIU Huan received by our Group are in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Contractual Arrangements

##### *Background*

As disclosed in the section headed “Contractual Arrangements” in this document, due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities which are held by the Registered Shareholders. The Contractual Arrangements among WFOE, Shanghai Trueland and the Registered Shareholders of Shanghai Trueland enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by WFOE to Shanghai Trueland; (ii) exercise effective control over our Consolidated Affiliated Entities through Shanghai Trueland; and (iii) hold an exclusive option to purchase all or part of the equity interests in Shanghai Trueland when and to the extent permitted by PRC laws.

See the section headed “Contractual Arrangements” in this document for detailed terms of the Contractual Arrangements.

##### *Listing Rules Implications*

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as four of the parties to the Contractual Arrangements, namely Mr. Zhao, Ms. ZHAO Fangqi, Ms. Zhu and Shanghai Hongyu, are connected persons. Mr. Zhao and Ms. ZHAO Fangqi are the Directors. Ms. Zhu is the spouse of Mr. Zhao, one of our Directors, and is therefore an associate of Mr. Zhao. Shanghai Hongyu is owned as 39.41% by Mr. XU Jiankang, one of our Directors, and is therefore an associate of Mr. XU Jiankang.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group’s legal structure and business, that such transactions have been and will be entered into in our Group’s ordinary and usual course of business, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by Shanghai Trueland and any member of our Group (“**New Intergroup Agreements**” and each of them, a “**New**

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## CONNECTED TRANSACTIONS

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**Intergroup Agreement**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent shareholders' approval requirements.

### INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreements for the connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- We have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under agreements for the connected transactions, in particular, the fairness of the pricing policies under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the relevant agreements. In addition, the management of the Company also regularly reviews the pricing policies of the relevant agreements;
- our independent non-executive Directors and auditors will conduct the annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the connected transactions are conducted in accordance with the terms of the agreements, on normal commercial terms, in accordance with the pricing policy, are fair and reasonable and in the interests of the Shareholders as a whole; and
- when considering products fees and other fees (if applicable) provided by us to the connected persons and we will charge the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

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## CONNECTED TRANSACTIONS

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### WAIVER GRANTED BY THE STOCK EXCHANGE

#### **Contractual Arrangements**

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

***(a) No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements (including with respect to any fees payable to WFOE thereunder) will be made without the approval of our independent non-executive Directors.

***(b) No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

***(c) Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to WFOE by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

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## CONNECTED TRANSACTIONS

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***(d) Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has a direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

***(e) Ongoing reporting and approvals***

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- the independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

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## CONNECTED TRANSACTIONS

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- our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- our Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.
- in addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as the Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company's subsidiaries, but their directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

## **CONNECTED TRANSACTIONS**

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### **CONFIRMATION BY DIRECTORS**

The Directors (including independent non-executive Directors) are of the view that the Contractual Arrangements, financial assistance received by Shanghai Trueland from connected person, and the transactions contemplated therein have been entered into and will be entered into during our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

### **JOINT SPONSORS' CONFIRMATION**

The Joint Sponsors are of the view that the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole. With respect to the term of the relevant agreements underlying the Contractual Arrangements which are of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (i) the financial and operation of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, or on an uninterrupted basis.

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

Upon [REDACTED], our Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The following table provides certain information about our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
<b>Executive Directors</b>						
Mr. ZHAO Xulong <sup>(1)</sup> (趙緒龍)	46	Chairman of the Board, executive Director and chief executive officer	September 2009	February 23, 2021	Overseeing the overall management, the formulation of business plans, strategies and major decisions of our Group through the Board	Sibling of Ms. ZHAO Fangqi
Mr. XU Jiankang (許健康)	38	Executive Director and senior vice president	September 2009	November 14, 2022	Responsible for the building up of nationwide direct selling and channel business system of Marketingforce platform	None
<b>Non-executive Directors</b>						
Ms. ZHAO Fangqi (趙芳琪)	54	Non-executive Director	September 2017	February 23, 2021	Responsible for providing strategic advice on the overall development of our Group	Sibling of Mr. ZHAO Xulong

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Mr. HUANG Shaodong (黃少東)	35	Non-executive Director	April 25, 2022	April 25, 2022	Responsible for providing strategic advice on the overall development of our Group	None
<b>Independent non-executive Directors</b>						
Mr. YANG Tao (楊濤)	53	Independent non-executive Director	September 10, 2017	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None
Mr. QIN Ci (秦慈)	48	Independent non-executive Director	May 28, 2019	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None
Mr. CHEN Chen (陳晨)	43	Independent non-executive Director	November 14, 2022	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None

*Notes:*

- (1) Mr. Zhao is also known by his alias name Zhao Xulong (趙旭隆).
- (2) Our independent non-executive Directors were appointed on November 14, 2022 and their appointments will take into effect from the date of the document.

Save as disclosed above, none of our Directors and members of senior management are related to other Directors or members of senior management.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Executive Directors

**Mr. ZHAO Xulong (趙緒龍)**, also known by his alias name Zhao Xulong (趙旭隆), aged 46, is the founder of our Group and has been an executive Director and the chief executive officer of our Company since February 23, 2021, and the chairman of the board and the chief executive officer of Shanghai Trueland since September 10, 2017, and September 15, 2009, respectively. Mr. Zhao has been appointed as the chairman of the Board of our Company on November 14, 2022. Mr. Zhao currently also holds positions at various subsidiaries within the Group, including as an executive director of Marketingforce (HongKong) Limited, Marketingforce Network, and Shanghai Tianbei, a director of AMERICAN KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED and KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED and as a supervisor of Wuxi Trueland and Guangdong Trueland. He has over 14 years of experience in management. Mr. Zhao has been leading the Group’s business since its establishment, and is primarily responsible for making strategic and pivotal decisions of the Group, including the overall development, strategic direction, business management, innovation, and research and development, etc.

In recognition of his innovation, entrepreneurship and contributions, Mr. Zhao has received numerous awards and recognitions, including “the Digitalization Promoter of the Year 2021” (2021年度數字化推動力人物) at International Sci-Tech Innovation Festival (國際科創節) in 2021, “Chief Scientist of Enterprises in the Research Field of Intelligent Marketing Cloud Platform of the Year 2021” (2021智能營銷雲平臺研究領域企業首席科學家) by China Scientist Forum (中國科學家論壇) in 2021, “Top Ten Outstanding People for Brand Power of the Year 2021” (2021品牌強國十大傑出人物) by China-Asia Economic Development Association Brand Management Professional Committee (中國亞洲經濟發展協會品牌管理專業委員會) in 2021, and “Top Cloud Connect Awards – Influential Person in the Cloud Computing Industry of China for the year 2019-2020” (2019-2020年度雲鼎獎 – 中國雲計算行業影響力人物獎) at Cloud Connect China 2020 (2020全球雲計算大會 – 中國站).

Mr. Zhao received his bachelor’s degree in mechanical engineering and automation from Donghua University (東華大學) in the PRC in June 2001.

**Mr. XU Jiankang (許健康)**, aged 38, has been an executive Director since November 14, 2022, and a senior vice president of our Company since February 23, 2021. Mr. Xu has held several positions in Shanghai Trueland since September 2009 with his current position as a senior vice president (高級副總裁) since April 16, 2020. Mr. Xu currently also holds several positions at various subsidiaries within the Group, including as an executive director of Shanghai Trueland Intelligence Technology Group Co., Ltd., Ningbo Trueland Information Technology Co., Ltd., Taizhou Trueland Information Technology Co., Ltd. and Jinhua Trueland Information Technology Co., Ltd., as a supervisor of Trueland Network, Wenzhou Trueland Information Technology Co., Ltd., Zhongshan Trueland Information Technology Co., Ltd., and Hangzhou Trueland Information Technology Co., Ltd..

Mr. Xu has over 14 years of experience of providing Internet services to enterprises. He successively served as a sales director (銷售總監) and vice president of Shanghai Trueland from September 2009 to April 2020. Since joining Shanghai Trueland, Mr. Xu has been focusing on innovation, implementation, and integration in the field of digital marketing. He has led his team to conduct industry research in East China, South China, and Southwest China to accurately understand the pain points of enterprises in their process of business operation, especially the needs for customer acquisition, being one of the most urgent problems for enterprises to solve.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Xu received his bachelor’s degrees in human resource management (by correspondence course) from East China Normal University (華東師範大學) in the PRC in December 2018.

### Non-executive Directors

**Ms. ZHAO Fangqi (趙芳琪)**, aged 54, has been a non-executive Director of our Company since February 23, 2021, and a non-executive director of Shanghai Trueland since September 10, 2017. She has over 22 years of experience in selling practice. Ms. Zhao served as sales personnel at Shanghai Zhongxi Pharmaceutical Co., Ltd. (上海中西製藥有限公司), from December 2006 to December 2009. She then worked as the regional sales manager (區域負責人) of Ningbo Lansen MEDICINE Co., Ltd. (寧波朗生醫藥有限公司) from March 2010 to January 2018. Ms. Zhao served as a deputy general manager of Sinopharm Group Xing’an League Co., Ltd. (國藥控股興安盟有限公司) from December 2018 to April 2021, and the general manager of Inner Mongolia Xinpinchuangshuo Medical Devices Co., Ltd. (內蒙古鑫頻創碩醫療器械有限公司) from January 2018 to October 2021.

Ms. Zhao received her bachelor’s degree in Chinese language and literature from Shijiazhuang Tiedao University ((石家莊鐵道大學), formerly known as Shijiazhuang Tiedao College (石家莊鐵道學院)) in July 1995.

Ms. Zhao was a supervisor of Shanghai Trueland Industrial Co., Ltd. (上海珍島實業有限公司) (“**Trueland Industrial**”, being a company principally engaged in the traditional trading business of general merchandise, the business of which was irrelevant to the principal business of the Group) at the time of revocation of its business license in October 2016. Trueland Industrial was deregistered on April 24, 2018. As confirmed by Ms. Zhao, to the best of her knowledge, information and belief and having made all reasonable enquiries, the business license of Trueland Industrial was revoked as Trueland Industrial was inactive with no substantial business operation. As confirmed by Ms. Zhao, (i) Trueland Industrial was inactive and solvent at the time when its business license was revoked; (ii) there was no wrongful act on her part leading to the revocation of business license; and (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of such revocation of business license. Ms. Zhao was a director of Chifeng Aopai Medical Equipment Trading Co., Ltd. (赤峰奧派醫療器械商貿有限責任公司, “**Chifeng Aopai**”, the business of which was medical equipment trading and irrelevant to the principal business of the Group) at the time of revocation of its business license. Chifeng Aopai was deregistered on September 17, 2015. As confirmed by Ms. Zhao, to the best of her knowledge, information and belief and having made all reasonable enquiries, the business license of Chifeng Aopai was revoked as Chifeng Aopai had ceased business and had not conducted the annual inspection. As confirmed by Ms. Zhao, (i) Chifeng Aopai was inactive and solvent at the time when its business license was revoked; (ii) there was no wrongful act on her part leading to the revocation of business license; and (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of such revocation of business license.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. HUANG Shaodong (黃少東)**, aged 35, has been a non-executive Director of our Company since April 25, 2022. Mr. Huang has more than 12 years of experience in financing and investment in domestic and overseas capital markets. Mr. Huang served as an analyst in capital markets department at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2011 to December 2013, and as an associate in the investment banking division of Goldman Sachs Gao Hua Securities Company Limited (高盛高華證券有限責任公司) from December 2013 to May 2015. Currently, Mr. Huang served as a director, a deputy general manager, and a fund manager at Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司) since June 2015, as the general manager and a director of Tianjin Zhengdao North Beta Consulting Co., Ltd. (天津正道北拓諮詢股份有限公司) since December 2017, and a director of North Beta International Securities Limited (北拓國際證券有限公司) since October 2019. In addition, Mr. Huang served as a supervisor of BCE Engineering Co., Ltd. (北京百特萊德工程技術股份有限公司) since June 2016.

Mr. Huang served as the responsible officer of North Beta International Securities Limited (北拓國際證券有限公司), a company licensed by the SFC to engage in Type 1 (dealing in securities), and Type 4 (advising on securities) of the regulated activities as defined under the SFO since September 17, 2020. Mr. Huang was named in the “2018 Forbes China 30 under 30 List in the field of Finance” (福布斯中國30位30歲以下財務和金融行業精英榜).

Mr. Huang received his bachelor of economics degree in finance from Yuanpei College, Peking University (北京大學元培學院) in July 2011. Mr. Huang was admitted to the BRI Finance EMBA Program (一帶一路金融EMBA項目) in Tsinghua University PBC School of Finance (清華大學五道口金融學院) in June 2022, and is in the process of pursuing his master’s degree in business administration.

### Independent non-executive Directors

**Mr. YANG Tao (楊濤)**, aged 53, has been an independent non-executive Director since November 14, 2022. He also served as an independent director of Shanghai Trueland from September 2017 to July 2022. Given that Mr. Yang served as an independent director of Shanghai Trueland and was not involved in the daily management of Shanghai Trueland, the Board is of the view that the directorship held by Mr. Yang in Shanghai Trueland would not give rise to any material independence issue under Rule 3.13(7) of the Listing Rules. Mr. Yang has over 28 years of experience in the electronic commerce industry. Mr. Yang taught and conducted research in the area of electronic commerce at Donghua University since his graduation as a bachelor in July 1995. Mr. Yang served in various departments of Donghua University, including Human Resources office from July 1995 to August 1999, Development Planning Office from September 1999 to February 2002 and School of Continuing Education since March 2002. He obtained his title as Assistant Researcher (助理研究員) from Donghua University in September 2000.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Yang received his bachelor’s degree in computer and application (計算機及應用) in July 1995 and his master’s degree in management science and engineering (管理科學與工程專業) in March 2004, respectively, from Donghua University in the PRC.

**Mr. QIN Ci (秦慈)**, aged 48, has been an independent non-executive Director since November 14, 2022. He also served as an independent director of Shanghai Trueland from May 2019 to July 2022. Given that Mr. Qin served as an independent director of Shanghai Trueland and was not involved in the daily management of Shanghai Trueland, the Board is of the view that the directorship held by Mr. Qin in Shanghai Trueland would not give rise to any material independence issue under Rule 3.13(7) of the Listing Rules.

Mr. Qin has over 13 years of experience in the investment and financing industry. Mr. Qin worked in investment banking department of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601881.SH) from October 2010 to 2011. He subsequently worked in investment banking department of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211.SH) from October 2011 to 2015. He then worked in investment banking department of Great Wall Glory Securities Co., Ltd. (長城國瑞證券有限公司) from August 2015 to March 2019. Mr. Qin held several positions in Ningbo KBE Electrical Technology Co., Ltd. (寧波卡倍億電氣技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300863) since October 2020, where he serves as a deputy general manager since May 2021, and then concurrently as the secretary of the board since August 2021.

Mr. Qin received his bachelor’s degree in information management system in July 1997 and subsequently his master’s degree in investment economics in January 2000 from Shanghai University of Finance and Economics (上海財經大學) in the PRC.

**Mr. CHEN Chen (陳晨)**, aged 43, has been an independent non-executive Director since November 14, 2022. He has over 21 years of experience in audit and consulting practice. Mr. Chen held several positions in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2002 to April 2018 with his last position serving as the auditing partner (審計合夥人) of Deloitte Touche Tohmatsu Certified Public Accountants LLP from June 2014 to April 2018. He then served as the chief financial officer of Yunji Inc., a company listed on NASDAQ (NASDAQ: YJ) from May 2018 to December 2020. Mr. Chen has acted as an independent director and the chairman of the audit committee of Q&K International Group Limited, a company listed on NASDAQ (NASDAQ: QK) since November 2019. He has also been the chief financial officer since January 2021 and a director since May 2021 of ATRenew Inc., a company listed on NYSE (NYSE: RERE). Besides, Mr. Chen has served as an independent non-executive director, since December 2021, of Zhou Hei Ya International Holdings Company Limited, a company listed on Hong Kong Stock Exchange (stock code: 1458), and an independent non-executive director of Yunji Inc. since January 2024.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen received his bachelor’s degree in international shipping business (國際航運) from Shanghai Jiao Tong University in July 2002. He has been a member of China Institute of Certified Public Accountants (CICPA) since 2005.

Save as disclosed above, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

None of our Directors have any interests in any businesses, other than our Group’s business, which competes or is likely to compete, either directly or indirectly, with our Group’s business.

### SENIOR MANAGEMENT

The senior management of our Company is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. ZHAO Xulong (趙緒龍)	46	Chairman of the Board, executive Director and the chief executive officer	September 2009	February 23, 2021	Overseeing the overall management, the formulation of business plans, strategies and major decisions of our Group through the Board	Sibling of Ms. ZHAO Fangqi
Mr. XU Jiankang (許健康)	38	Executive Director and senior vice president	September 2009	February 23, 2021	Responsible for the nationwide building up of direct selling and Marketingforce platform	None

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. LIU Huan (劉歡)	44	Senior vice president, joint company secretary	April 2012	February 23, 2021	Overseeing the overall planning and operation of the precision marketing services of our Group	None
Mr. WANG Shiyi (王士義)	35	Vice president	September 2009	February 23, 2021	Overseeing the systematic construction, product planning and architecture design by the research and development center of our Group	None
Mr. CHEN Hailin (陳海林)	46	Chief technical officer	March 2014	January 15, 2024	Overseeing the overall management of product development and project administration, participating in the formulation of long-term technology development strategies, and managing team organization and talent training of our Group	None
Mr. MA Jin (馬進)	37	Chief financial officer	April 2021	April 22, 2021	Responsible for the overall financial management of our Group	None

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. ZHAO Xulong (趙緒龍)**, is the chairman of the Board, an executive Director and the chief executive officer of our Company. See “– Directors” in this section for his biographical details.

**Mr. XU Jiankang (許健康)**, is an executive Director and a senior vice president of our Company. See “– Directors” in this section for his biographical details.

**Mr. LIU Huan (劉歡)**, aged 44, has been a senior vice president of our Company since February 23, 2021, and was appointed as the joint company secretary of our Company on November 14, 2022 with his appointment taking effect on November 21, 2022. Mr. Liu joined Shanghai Trueland in April 2012, where he currently served as a senior vice president since April 1, 2021. Mr. Liu currently also holds several positions at various subsidiaries within the Group, including as an executive director of Shanghai Kaililong Big Data Technology Group Co., Ltd., and Shanghai Kaililong, and as a supervisor of Marketingforce Network, Shanghai Tianbei, and Kaililong (Guangzhou) Information Technology Co., Ltd. He has over 21 years of experience in marketing industry. Before joining the Group, Mr. Liu worked as the head of professional marketing department (專業市場部經理) of Shenzhen Haojiating Industrial Co., Ltd. (深圳市好家庭實業有限公司) from September 2002 to April 2007. He subsequently served as the vice president (副總裁) of Shanghai Fuchen Information Technology Co., Ltd. (上海弗臣信息技術有限公司) from October 2009 to March 2012.

Mr. Liu received his bachelor’s degree in physical education from Inner Mongolia Normal University (內蒙古師範大學) in the PRC in July 2002 and his executive master of business administration degree from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2016.

**Mr. WANG Shiyi (王士義)**, aged 35, is currently a vice president of our Company. Mr. Wang joined Shanghai Trueland in September 2009, and now serves as a vice president and an executive director of Shanghai Trueland since September 2, 2022, and June 20, 2022, respectively. Mr. Wang currently also holds several positions at various subsidiaries within the Group, including as an executive director of Trueland Network, an executive director and the general manager of Trueland Digital, and a supervisor of Shanghai Trueland Intelligence Technology Group Co., Ltd. and Suzhou Trueland Information Technology Co., Ltd.

Mr. Wang has over 14 years of experience in the design, research, development and architecture of web products. Since joining Shanghai Trueland in 2009, Mr. Wang has successively served as the person in charge of Shanghai Trueland’s product, research, development, and innovation business. He has been working closely to meet the Company’s business development needs, and now focusing on expanding the strategic relationship with the Group’s major customers.

Mr. Wang received his bachelor’s degree in public relations from East China Normal University in the PRC in September 2021.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. CHEN Hailin (陳海林)**, aged 46, has been the chief technical officer of our Company since January 15, 2024, and the assistant to chief data officer of Shanghai Trueland since April 11, 2022. He has over 11 years of experience in the research and development of web products. Mr. Chen worked for Shanghai Pactera Technology Limited (上海文思海輝信息技術有限公司) from January 2013 to March 2013. From April 2013 to February 2014, Mr. Chen worked for Shanghai Tianting Information Technology Co. (上海天聽信息科技有限有限公司). He then worked successively at Shanghai Trueland as the chief technical officer from March 2014 to January 2019 and director of product development from February 2019 to April 2022.

Mr. Chen has received several awards and recognitions. His project named Distributed Database System Supporting Internet-Class Key Core Businesses (《支持互聯網級關鍵核心業務的分佈式數據庫系統》) won the Second Prize of National Scientific and Technological Progress (國家科技進步二等獎) in 2019. His project named Data Platform for Enterprise Precision Marketing Services and Its Key Technology (《面向企業精準營銷服務的數據平台及其關鍵技術》) won the First Prize of Shanghai Scientific and Technological Progress (上海市科技進步一等獎) in 2020.

Mr. Chen obtained his bachelor’s degree in mechanical engineering and automation from Donghua University in the PRC in July 2001.

**Mr. MA Jin (馬進)**, aged 37, has been the chief financial officer of our Company since April 22, 2021, and the chief financial officer, and an executive director of Shanghai Trueland since April 22, 2021, and June 20, 2022, respectively. He has over 11 years of experience in investment and finance. Mr. Ma held several positions within Goldman Sachs Gao Hua Securities Co., Ltd. (高盛高華證券有限責任公司) from July 2012 to October 2015, with his last position serving as an associate of equity capital market department. After that, Mr. Ma held several positions within Goldman Sachs (Asia) L.L.C. from October 2015 to April 2021, with his last position as an executive director in investment banking department.

Mr. Ma received his bachelor’s degree of science with electronic science and technology major in July 2009 and his master’s degree of science with electronic physics (物理電子學) major in June 2012 from Fudan University (復旦大學) in the PRC.

None of our senior management held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document.

## JOINT COMPANY SECRETARIES

**Mr. LIU Huan (劉歡)** is a senior vice president of the Company, and was appointed as the joint company secretary of our Company on November 14, 2022 with his appointment taking effect on November 21, 2022. See “– Senior Management” above for the biographical details of Mr. Liu.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. LI Kin Wai (李健威)** is the joint company secretary of our Company and was appointed on November 14, 2022 with his appointment taking effect on November 21, 2022. Mr. Li is a corporate service manager of Tricor Services Limited with more than 10 years of experience in accounting, auditing and corporate secretarial services. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Mr. Li is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. Mr. Li obtained a bachelor's degree and a master's degree in corporate governance from the Open University of Hong Kong (香港公開大學) in August 2010 and November 2020, respectively.

Mr. Li currently serves as the company secretary of Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司) (stock code: 0460), Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司) (stock code: 6833), and Zhengye International Holdings Company Limited (正業國際控股有限公司) (stock code: 3363), all of which are companies listed on the Hong Kong Stock Exchange.

### REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of total remuneration (including salaries, allowances, benefits in kind, pension scheme contributions and share-based payment compensation) we paid to our Directors in respect of the financial years ended December 31, 2021, 2022 and 2023 was RMB2.3 million, RMB1.8 million and RMB7.1 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I to this document.

The five highest paid individuals of our Group for the years ended December 31, 2021, 2022 and 2023 included one, nil and two Directors, respectively, whose remuneration is included in the aggregate amount of remuneration (including salaries, allowances, benefits in kind, pension scheme contributions, and share-based payment compensation) as set out above. The aggregate amount of salaries, allowances, benefits in kind, pension scheme contributions, and share-based payment compensation paid for the remaining four, five and three individuals for the years ended December 31, 2021, 2022 and 2023 was approximately RMB8.9 million, RMB14.8 million and RMB9.9 million, respectively.

Under the arrangement currently in force, we estimate the total remuneration (before tax) payable to Directors for the year ending December 31, 2024 will be approximately RMB7.2 million.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, our Directors, former Directors

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## DIRECTORS AND SENIOR MANAGEMENT

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or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

For the details of the service contracts and appointment letters that we have entered into with our Directors, see the section headed "Statutory and General Information – D. Further Information about our Directors – 1. Directors' service contracts and appointment letters" in Appendix IV to this document.

### CONFIRMATION FROM OUR DIRECTORS

#### Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors had interests in business, which competes or is likely to compete, either directly or indirectly with our business which would otherwise require disclosure under Rule 8.10(1) of the Listing Rules.

#### Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in November 2022, and (ii) understands the requirements under the Exchange Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Exchange.

#### Rule 3.13 of the Listing Rules

Each of the proposed independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

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## DIRECTORS AND SENIOR MANAGEMENT

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### CORPORATE GOVERNANCE

#### Board Committees

##### *Audit Committee*

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review the financial information of the Group and consider issues relating to the external auditors and their appointment. Our audit committee comprises three independent non-executive Director(s), namely Mr. CHEN Chen (陳晨), Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. CHEN Chen (陳晨), being the chairperson of the committee, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

##### *Remuneration Committee*

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on our Group’s policy and structure for all remuneration of directors’ and senior management and on the establishment of a formal and transparent procedure for development remuneration policy. Our remuneration committee comprises one executive Director, namely Mr. ZHAO Xulong (趙緒龍), and two independent non-executive Director(s), namely Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. QIN Ci (秦慈) is the chairman of the remuneration committee of our Company.

##### *Nomination Committee*

We have established a nomination committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules, the primary duties of which are to review the structure, size and composition of the Board, assess the independence of the independent non-executive directors, and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors. Our nomination committee comprises one executive Director, namely Mr. ZHAO Xulong (趙緒龍), and two independent non-executive Director(s), namely Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. ZHAO Xulong (趙緒龍) has been duly appointed as the chairperson of the committee.

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## DIRECTORS AND SENIOR MANAGEMENT

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### RSU Scheme

In order to incentivize our Directors, senior management and other participants for their contribution to our Group and to attract and retain suitable personnel to our Group, we adopted the RSU Scheme on November 10, 2021. For further details, see the section headed “Appendix IV – Statutory and General Information – F. RSU Scheme” in this document.

### Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board is of the view that our current Board composition satisfies the Board Diversity Policy. The nomination committee of the Board (the “**Nomination Committee**”) is responsible for reviewing the diversity of the Board. After the [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

### COMPLIANCE ADVISER

We have appointed Alliance Capital Partners Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share buy-backs;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in the [REDACTED]; and
- (d) where the Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of its [REDACTED] or any other matters under Rule 13.10 of the Listing Rules.

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## DIRECTORS AND SENIOR MANAGEMENT

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The term of appointment of our Compliance Adviser shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

### CORPORATE GOVERNANCE CODE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after [REDACTED] except for Code Provision C.2.1 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The role of chairman of the Board and president of our Company are currently performed by Mr. Zhao. In view of Mr. Zhao's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Zhao acting as both the chairman of the Board and chief executive officer of our Company will provide strong and consistent leadership to our Group and our business development and prospects that Mr. Zhao continues to act as both the chairman of the Board and chief executive officer of our Company after the [REDACTED], and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Zhao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, *inter alia*, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Mr. Zhao, our founder, chairman and chief executive officer, and Ms. Zhu, being the spouse of Mr. Zhao, have jointly invested in our Group for more than ten years, and have been acting in concert on decision-making process as shareholders of the Company since then. As such, Mr. Zhao and Ms. Zhu are regarded as a group of Controlling Shareholders.

As at the Latest Practicable Date, Mr. Zhao, together with Ms. Zhu, indirectly held approximately 51.01% of the issued Shares in aggregate comprising (i) the 24.97% of the issued Shares held by Mr. Zhao through Willam Zhao Limited and Willian Zhao I Limited, both of which are wholly owned by Mr. Zhao, and (ii) the 26.04% of the issued Shares held by Ms. Zhu through Shuina Zhu Limited.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhao and Ms. Zhu will be interested in approximately [REDACTED]% of the total issued Shares in aggregate. Therefore, Mr. Zhao and Ms. Zhu, together with Willam Zhao Limited, Willian Zhao I Limited and Shuina Zhu Limited, will be the group of our Controlling Shareholders upon completion of the [REDACTED].

### DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders, was interested in any business which competes, or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors believe that our Group can conduct our business independently from our Controlling Shareholders and their close associates after the [REDACTED].

#### Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, please see "Directors and Senior Management."

Our Directors consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (1) each of our Directors is fully aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interest to exist;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (3) all of our three independent non-executive Directors are independent of the Controlling Shareholders and have extensive experience in their respective areas of expertise. See "Directors and Senior Management." All our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (4) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with any of the Controlling Shareholders or their respective close associates; (b) our independent non-executive Directors account for more than one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and
- (5) upon [REDACTED], we will adopt corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management. Please see "– Corporate Governance Measures" below for further information.

Having considered the above factors, the Directors are satisfied that they are able to perform their managerial roles in our Company independently, and the Directors are of the view that they are capable of managing our business independently from our Controlling Shareholders after the [REDACTED].

### **Operational Independence**

Our Group holds all the relevant licenses, qualifications, intellectual properties and permits required for conducting our Group's business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates. Our Group also has independent access to our customers and an independent management team to operate our business. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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We believe that we are capable of carrying out our business independently of our Controlling Shareholders and their close associates. Our Directors confirmed that we are able to operate our business independently from our Controlling Shareholders and/or their close associates after the [REDACTED].

### Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit, and internal control functions independent from our Controlling Shareholders and their close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their close associates. We do not expect to rely on our Controlling Shareholders and/or their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholder Group. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our Controlling Shareholder Group and/or their respective close associates to our Group. In addition, during the Track Record Period and as of the Latest Practicable Date, we had received a series of Pre-[REDACTED] Investments from third party investors independently. For details of the Pre-[REDACTED] Investments, see "History, Reorganization and Corporate Development" in this document.

Based on the aforesaid, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their close associates after the [REDACTED].

### CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (b) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;
- (d) our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (e) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;
- (f) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix C1 to the Listing Rules; and
- (g) we have appointed Alliance Capital Partners Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or Directors to protect minority Shareholders' rights after the [REDACTED].

## SUBSTANTIAL SHAREHOLDERS

### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Subdivision and the [REDACTED], and assuming the [REDACTED] is not exercised, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Share Subdivision and the [REDACTED] <sup>(2)</sup>	
		Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in our Company	Number of Share <sup>(1)</sup>	Approximate percentage of shareholding in our Company
Mr. Zhao <sup>(3)</sup>	Interest in controlled corporation <sup>(3)</sup>	5,440,760	23.74%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation <sup>(3)</sup>	283,700	1.24%	[REDACTED]	[REDACTED]%
	Interest of spouse <sup>(3)</sup>	5,968,040	26.04%	[REDACTED]	[REDACTED]%
Ms. Zhu <sup>(4)</sup>	Interest in controlled corporation <sup>(4)</sup>	5,968,040	26.04%	[REDACTED]	[REDACTED]%
	Interest of spouse <sup>(4)</sup>	5,724,460	24.98%	[REDACTED]	[REDACTED]%
Shuina Zhu Limited	Beneficial owner	5,968,040	26.04%	[REDACTED]	[REDACTED]%
Willam Zhao Limited	Beneficial owner <sup>(3)</sup>	5,440,760	23.74%	[REDACTED]	[REDACTED]%
	Interest in controlled corporation <sup>(3)</sup>	283,700	1.24%	[REDACTED]	[REDACTED]%
Mr. ZHU Zhengguo <sup>(5)</sup>	Interest in controlled corporations	2,479,400	10.82%	[REDACTED]	[REDACTED]%
NB DIGITAL <sup>(5)</sup>	Beneficial owner	2,116,160	9.23%	[REDACTED]	[REDACTED]%
Mr. XU Jiankang <sup>(6)</sup>	Interest in controlled corporation	1,925,180	8.40%	[REDACTED]	[REDACTED]%
Shanghai Hongyu Limited	Beneficial owner	1,925,180	8.40%	[REDACTED]	[REDACTED]%
Ms. ZHAO Fangqi <sup>(7)</sup>	Interest in controlled corporation	1,540,100	6.72%	[REDACTED]	[REDACTED]%
Fangqi Zhao Limited	Beneficial owner	1,540,100	6.72%	[REDACTED]	[REDACTED]%

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## SUBSTANTIAL SHAREHOLDERS

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*Notes:*

- (1) All interests stated are long positions, and upon the [REDACTED] and the completion of the [REDACTED], all the Preferred Shares will be automatically converted into Ordinary Shares.
- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the Share Subdivision and the [REDACTED] (assuming that the [REDACTED] is not exercised).
- (3) As of the Latest Practicable Date, Mr. Zhao is deemed to be interested in a total of 11,692,500 Shares comprising (i) 5,440,760 Shares through Willam Zhao Limited, a company wholly owned by Mr. Zhao; (ii) 283,700 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited; and (iii) 5,968,040 Shares through Shuina Zhu Limited, a company wholly owned by Ms. Zhu, the spouse of Mr. Zhao.
- (4) As of the Latest Practicable Date, Ms. Zhu is deemed to be interested in a total of 11,692,500 Shares comprising (i) 5,968,040 Shares through Shuina Zhu Limited, a company wholly owned by Ms. Zhu; (ii) 5,440,760 Shares through Willam Zhao Limited, a company wholly owned by Mr. Zhao, the spouse of Ms. Zhu; and (iii) 283,700 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited.
- (5) As of the Latest Practicable Date, Mr. ZHU Zhengguo is deemed to be interested in a total of 2,479,400 Shares comprising (i) 2,116,160 Shares through NB Digital, a company controlled by Mr. ZHU Zhengguo; and (ii) 363,240 Shares through Jiaying Hengjie, in which Tianjin Hongdao North Beta, controlled by Mr. ZHU Zhengguo, acted as the general partner and controlled as to 5.70%. Please see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments – 3. Information on the Pre-[REDACTED] Investors” for further details.
- (6) Shanghai Hongyu Limited is incorporated as our offshore employee stock ownership platform and owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group as to 39.41% and 60.59%, respectively. Save for Mr. XU Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited. Under the SFO, Mr. XU Jiankang is deemed to be interested in the Shares held by Shanghai Hongyu Limited.
- (7) Fangqi Zhao Limited is wholly owned by Ms. ZHAO Fangqi. Under the SFO, Ms. ZHAO Fangqi is deemed to be interested in the Shares held by Fangqi Zhao Limited.

Save as disclosed above, our Directors are not aware of any person who will, immediately prior to and following the completion of the [REDACTED], have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in the circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

## SHARE CAPITAL

### AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company as of the date of this Document and immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised:

#### 1. Authorized Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)
9,993,200,300	Ordinary Shares of par value US\$0.000005 each	49,966.0015
1,925,180	Series A-1 Preferred Shares of par value US\$0.000005 each	9.6259
363,240	Series A-2 Preferred Shares of par value US\$0.000005 each	1.8162
4,511,280	Series B Preferred Shares of par value US\$0.000005 each	22.5564
<b><u>10,000,000,000</u></b>	<b>Total</b>	<b><u>50,000.00</u></b>

#### 2. Issued and outstanding as of Latest Practicable Date

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)	Approximate percentage of the issued share Capital
17,861,960	Ordinary Shares of par value US\$0.000005 each	89.3098	77.93%
1,925,180	Series A-1 Preferred Shares of par value US\$0.000005 each	9.6259	8.40%
363,240	Series A-2 Preferred Shares of par value US\$0.000005 each	1.8162	1.58%
2,771,060	Series B Preferred Shares of par value US\$0.000005 each	13.8553	12.09%
<b><u>22,921,440</u></b>	<b>Total</b>	<b><u>114.6072</u></b>	<b><u>100%</u></b>

## SHARE CAPITAL

**Issued and outstanding following the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)**

The issued share capital of our Company immediately following the completion of the Share Subdivision and the [REDACTED] (assuming that the [REDACTED] is not exercised, and each Preferred Share will automatically convert into one ordinary share of US\$0.0000005 each upon the [REDACTED] becoming unconditional) will be as follows:

Number of Shares	Description of Shares	Approximate aggregate nominal value of shares (US\$)
<i>Authorized Share Capital:</i>		
100,000,000,000	Ordinary Shares of par value US\$0.0000005 each	50,000.000
<i>Issued Share Capital:</i>		
229,214,400	Ordinary Shares of par value US\$0.0000005 each	114.6072
<i>Shares to be issued under the [REDACTED] (assuming the [REDACTED] is not exercised)</i>		
[REDACTED]	Ordinary Shares of par value US\$0.0000005 each	[REDACTED]
<i>Total issued Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)</i>		
[REDACTED]	Ordinary Shares of par value US\$0.0000005 each	[REDACTED]

### ASSUMPTIONS

The above tables assume that the [REDACTED] becomes unconditional and the Shares are issued pursuant to the [REDACTED]. The above tables also do not take into account any Shares which may be issued or brought back by us under the general mandates granted to our Directors as referred to below.

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## SHARE CAPITAL

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### RANKING

The [REDACTED] will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

### CIRCUMSTANCES WHERE GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of the Company – 2. Articles of Association – 2.4 Alteration of capital" for further details.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the [REDACTED]); and
- (ii) the aggregate nominal value of share capital of our Company brought back by our Company (if any) under the authority referred to in the paragraph headed "– General Mandate to Buy Back Shares" in this section.

The general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or

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## SHARE CAPITAL

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- (iii) the time when the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further details of this general mandate are set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 4. Written resolutions of the shareholders of our Company passed on [●]” in this document.

### GENERAL MANDATE TO BUY BACK SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following the completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the [REDACTED]).

This buy-back mandate only relates to purchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements under the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 5. Buy-back of our Shares” in the document.

The general mandate to buy back Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or
- (iii) the time when the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further details of this Share buy-back mandate are set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 5. Buy-back of our Shares” in this document.

### RSU Scheme

We adopted the RSU Scheme on November 10, 2021 for the purpose of incentivizing our Directors, senior management and other employees and to attract and retain suitable personnel to our Group. Further details of the Share Incentive Schemes are set out in the section headed “Appendix IV – Statutory and General Information – F. RSU Scheme” in this document.

## FINANCIAL INFORMATION

*The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”*

### OVERVIEW

We are the largest marketing and sales SaaS solution provider in China in terms of revenue in 2022, according to Frost & Sullivan. We deliver marketing and sales SaaS solutions through our Marketingforce platform to serve enterprises of any size with a variety of needs, from content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, to strategy and management. Our precision marketing services also provide one-stop, cross-media online marketing solutions to advertising customers to help them precisely and effectively reach target audiences on leading media platforms. We serve a diverse base of advertising customers across a variety of industries. Leveraging our understanding of their business and marketing demands, we formulate and execute customized marketing plans for them covering designing, launching, monitoring and optimizing their advertisement campaigns.

We have a large and rapidly growing customer base. In 2021, 2022 and 2023, for our SaaS business, we served 24,127, 23,647 and 25,495 users, respectively, across different industries. During the same years, we provided precision marketing services to 845, 998 and 1,042 advertising customers respectively, operating in new economy industries including gaming, e-commerce and online services. By serving such an extensive number of customers with diversified business backgrounds, we are able to collect valuable feedback and obtain first-hand knowledge of customer needs, facilitating our improvement of product and service quality. More importantly, the valuable industry know-how and marketing experience that we have accumulated over the past ten years allows us to acquire more customers in the same or similar industries and enable them to operate more effectively.

We experienced rapid growth during the Track Record Period. Our revenue increased from RMB877.2 million in 2021 to RMB1,142.8 million in 2022 and further to RMB1,232.1 million in 2023, representing a CAGR of 18.5%. Our gross profit increased from RMB477.8 million in 2021 to RMB560.0 million in 2022 and further to RMB706.2 million in 2023, representing a CAGR of 21.6%.

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## FINANCIAL INFORMATION

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As of December 31, 2023, we recorded a net liability primarily because we recorded convertible redeemable preferred shares as non-current liabilities. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the [REDACTED]. We expect our net liability position will turn into a positive equity position upon the [REDACTED].

### BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 23, 2021. We have become an investment holding company after a series of reorganizations. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards (the “IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and is presented in RMB, unless otherwise stated. Our consolidated financial information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires our management to exercise their judgment in the process of applying our accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this document.

### MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by various factors, some of which are outside of our control. These factors include but are not limited to the following:

#### General Factors

Our business and operating results are impacted by general factors affecting the broader cloud-based marketing and sales solutions industry in China, including:

- The overall economic growth in China, especially the growth of the internet industry and the development and penetration of digitalization across industries in China;
- The growth media platforms and adoption of SaaS and precision marketing services by companies in China;
- The digital transformation, with the development of cloud computing, big data analytics and AI technologies and their application to marketing and sales SaaS industries across different industries in China; and

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## FINANCIAL INFORMATION

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- The expenditures of companies on online marketing and sales SaaS products and other services across different industries in China, along with their future growth trends.

### Specific Factors

#### *Our Ability to Expand Our Customer Base*

We generate revenue by providing customers with marketing and sales SaaS products and precision marketing services, and our results of operations and continued revenue growth depend on our ability to expand our customer base. The number of customers using our SaaS business and precision marketing services is crucial to our results of operations. The quality of our services and products, dedicated sales and marketing efforts and comprehensive customer relationship management mechanisms, help to form a large and diversified customer base during the Track Record Period. The number of users of our SaaS business amounted to 24,127 in 2021, 23,647 in 2022 and 25,495 in 2023, respectively. The number of users slightly decreased in 2022, primarily due to our reduced marketing activities resulting from the adverse impact of the COVID-19 pandemic. However, the revenue from our SaaS business increased by 20.8% from RMB438.6 million in 2021 to RMB529.9 million in 2022, primarily attributable to the increase in the contract value from users’ subscription in 2021, a portion of which was subsequently recognized as revenue in 2022. As the COVID-19 pandemic subsided, we have recovered from such impacts and continued business expansion, with the number of users of our SaaS business increasing to 25,495 in 2023, attributable to our efforts to launch new functional modules and enhance the effectiveness of existing ones to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network. The number of our advertising customers for our precision marketing business increased from 845 in 2021 to 998 in 2022, and further to 1,042 in 2023. Revenue from our precision marketing services amounted to RMB438.6 million in 2021, RMB612.9 million in 2022 and RMB529.7 million in 2023.

Our ability to attract and successfully acquire new customers is dependent on a range of factors, including, among other things, offering new function modules, upgrading existing products and services, sales and marketing efforts, and customer service quality. To strengthen our marketing and sales capabilities, we have been committed to building up a dedicated sales team and an efficient sales mechanism, prioritizing improving customer experiences and promoting their business growth. As of December 31, 2023, we had developed local direct sales offices in 23 cities. In addition, through serving an increasing number of customers, we obtain valuable feedback from customers and accumulate precious industry experience, which helps us to further improve our products and services and ultimately raise customer satisfaction. We will also continue to enhance our brand image and promote our presence in the Chinese market.

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### *Our Ability to Deepen Relationship with Customers*

We strive to maintain stable and long-term business relationships with our customers. Our all-in-one marketing and sales SaaS products aim to empower enterprises’ entire process of customer acquisition and management. As of December 31, 2023, we offered a comprehensive and diversified functional module matrix for our SaaS products, comprising 237 modules. For our precision marketing services, we provide one-stop, cross-media professional services, ranging from advertising plan formulation, marketing content production, ongoing monitoring and real-time optimization, to enable our advertising customers to achieve satisfactory marketing result. We are dedicated to bringing products and services of excellence to our customers. To deepen our relationship with existing customers, we continue to focus on customer success and superior service quality. In particular, we expect to adapt our products and services to more application scenarios to better address customers’ evolving marketing needs.

We also believe that our customers’ growing spendings with us have driven our rapid growth during the Track Record Period. Quality products and excellent service encourage customers to purchase new services provided by us or upgrade their current packages. To better serve our customers, we have also established a customer success department that is devoted to supporting users of our SaaS products during their entire process of marketing and sales activities.

### *Continuous Investment in Product and Technology Innovations*

Our future growth is dependent on our continuous investment in research and development and our dedication to technology innovations. We rely on our Marketingforce platform to deliver cloud-based services to SaaS users. Our Marketingforce platform is supported by advanced technologies as the foundation. The Marketingforce platform gives us high scalability in handling customers’ requests and significant flexibility in developing and upgrading our SaaS products, constantly enriching our customers’ experiences and catering to their evolving business needs. We have also widely applied big data analytics to our precision marketing to improve the effectiveness of our services. As our customers increasingly realize the benefits of the products and services we provide, they are more willing to upgrade their experience with purchasing additional products and services or updated versions from us, which contributes to the increase of average spending per customers and ultimately to our revenue growth.

To better cater to customers’ marketing and sales needs arising from more complex use cases and growing operation scales, we have been dedicated to investing in research and development. Our research and development expenses amounted to RMB160.6 million, RMB224.6 million and RMB210.0 million in 2021, 2022 and 2023, respectively. We will continue to dedicate our efforts to R&D activities to enrich and enhance product and service offerings and cement our leading position in the market, by enriching the features, functions, and interfaces of our products and services by continuous innovation.

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### *Our Product and Revenue Mix*

Our overall results of operations and profitability also depend on our revenue structure. During the Track Record Period, the gross margin of our SaaS business was generally higher than the same of our precision marketing services. In 2021, 2022 and 2023, the gross margin of our SaaS business was 90.1%, 89.2% and 87.7%, respectively, while the gross margin of our precision marketing services was 18.9%, 14.3% and 17.0%, respectively. Therefore, the combination of our revenue from the two businesses will affect our overall profit margin.

The amount of revenue we recognize from precision marketing services is affected by our role in provision of marketing services to different advertising customers. We recognize revenue generated under our contracts with advertising customers under the arrangements for online advertisement solution services, where we act as principal, on a gross basis. This entails relatively lower gross margin due to the considerable costs incurred for procurement of advertising traffic on media platforms for online advertisement solution services. We recognize revenue generated under our contracts with advertising customers under the arrangements for online advertisement distribution services, where we act as agent, on a net basis and do not record procurement cost of advertising traffic as our cost of services. For further details on our revenue recognition policy in this respect, see “ – Critical Accounting Policies and Estimates – Revenue Recognition.” The combination of our revenue from different parts of precision marketing services, measured by the portion of revenue recognized on a gross basis and net basis, will affect our profit margin.

### *Our Ability to Manage Costs and Improve Operational Efficiency*

Our ability in cost management is pivotal to improving our overall profitability. In particular, our selling and distribution expenses constituted a relatively significant portion of our total revenue, accounting for 32.4%, 27.6% and 26.5% of our total revenue in 2021, 2022 and 2023, respectively. Further, our employee benefit expenses formed a significant portion of our selling and distribution expenses throughout the Track Record Period. We intend to optimize our operating expenses by achieving economies of scale and improving sales efficiency and effectiveness. As we continue to grow our business, we expect to further improve the structure of our sales force with more experienced sales personnel and offer more training sessions to our sales team. Through those measures, we aim to expand our customer base and maintain stable business relationships with our customers in a more cost-effective manner.

## IMPACT OF COVID-19 ON OUR OPERATIONS

Since the end of December 2019, the outbreak of COVID-19, a novel strain of coronavirus, has affected the world in various aspects, with new variants and subvariants continuing to emerge. In the first half of 2022, the spread of Omicron, a new COVID-19 variant that is more infectious, resulted in resurgences of the pandemic in various regions around the world. In response to the COVID-19 pandemic, including the resurgences in 2022, miscellaneous measures were adopted to contain the virus, such as restrictions in travel and public transport, closure of some facilities and premises, and implementation of social distancing measures in various regions from time to time.

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Our business operations and financial conditions were adversely affected by the COVID-19 pandemic in 2022, compared to the early stage of the COVID-19 outbreak during the Track Record Period. Due to the impact of the COVID-19, our operating activities were temporarily restrained, including our daily operations and sales and marketing efforts. In the first half of 2022, our offices in several major cities experienced temporal closure for different periods of time, which included Shanghai, Shenzhen, Wuxi and Suzhou. In particular, our headquarters in Shanghai were temporarily closed in April and May 2022. During the closure period, over 80% of our employees in our headquarters in Shanghai had to work from home, and we experienced higher level of absence in April and May 2022, comparing with that of the same period in 2021. Furthermore, our sales and marketing efforts also experienced difficulties during the outbreak of COVID-19 in Shanghai, as our sales personnel had to arrange more online customer visits, which are more challenging to secure orders as compared with offline customer visits. The COVID-19 also affected our customer support and after-sale services. For example, we faced difficulties in adjusting contracts promptly for clients who wished to switch their subscription with our products, and we also had trouble delivering invoices to customers during the pandemic, resulting in delayed payments. Our other offices were affected likewise during the relevant COVID-19 outbreak in the first half of 2022. As such, our revenue growth slowed down as our offline sales and marketing activities experienced difficulties during the outbreak. In addition, due to the impact of the pandemic in Shanghai from March to June in 2022, the value of our newly signed subscription contract for the second quarter decreased by approximately 49.4% compared to the same period in 2021. Consequently, we recorded a year-over-year increase of 20.8% in the revenue from SaaS business in 2022. By contrast, we recorded a year-over-year increase of 94.8% in the revenue from SaaS business in 2021. Apart from the reduced sales activities mentioned above, however, our business operations and R&D activities were not materially affected by the COVID-19 pandemic. As a result, our financial condition was also affected in 2022. Our other receivables in relation to prepayments on behalf of advertisers to third parties increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, which was partially because of the extended credit periods we granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022. To maintain healthy business relationships with these advertising customers amid the COVID-19 pandemic, we granted longer payment terms, mainly from 90 days to 180 days, to such advertising customers. For example, the four largest advertising customers in terms of the ending balance amounts of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022 were granted the longer payment terms, with the amount of other receivables in relation to prepayment on behalf of the four advertising customers accounting for 74.3% of our total ending balance of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022. Moreover, our cost payable to media platforms on behalf of customers increased from RMB62.8 million as of December 31, 2021 to RMB319.8 million as of December 31, 2022, mainly attributable to that we slowed down our settlement process with media platforms due to COVID-19 pandemic. See “Financial Information – Prepayments, Other Receivables and Other Asset (Current)” and “Financial Information – Other Payables and Accruals (Current).”

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Since the start of June, 2022, we have gradually resumed our normal business operations following the ease of pandemic control across China, including major cities such as Shanghai. Particularly, with the easing of social distancing measures, we are now in the process to resume our offline sales and marketing activities to a normal level. Nevertheless, with the sporadic resurgences of COVID-19 pandemic in several regions in China since June 2022, our offices in such regions have been affected to different extent. Particularly, our sales personnel in those offices temporarily experienced difficulties to conduct in-person customer visits due to the pandemic prevention and control measures in the respective regions. In the third quarter of 2022, we increased sales and marketing activities in light of the improving situation of COVID-19 pandemic. As a result, the newly signed subscription contract value grew slightly by approximately 8.6% and 4.9% compared to the third and fourth quarters of 2021, respectively. Since mid-December 2022, there have been nationwide resurgences of the COVID-19 pandemic in China. As such, our offices in the affected regions experienced disruptions to our operations from time to time.

To mitigate the impact of the COVID-19 pandemic, we have adopted measures to mobilize internal resources and leverage our strong technological capabilities, such as enhancing our R&D efforts to refine our products and services, maximizing our sales force capability and implementing various precautionary policies to ensure the safety of our employees working remotely or onsite. As a result, we had maintained our momentum in revenue growth throughout the Track Record Period. As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 or any similar pandemic may adversely affect our business and financial performance. See “Risk Factors – Risks Related to Our Business and Industry – The COVID-19 and similar pandemic may continue to present challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.”

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results. We have also not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

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Listed below are accounting policies which we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 2.4 and 3 to the Accountants' Report included in Appendix I to this document.

### **Revenue Recognition**

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

### ***SaaS Business***

SaaS business revenue primarily generates from a variety of cloud-based marketing and sales solutions. Revenue is generally recognized over time on a ratable basis over the contract term beginning from the date when cloud is accessible to the customer. SaaS business is provided to customers directly, including those sold directly by our Group and through channel partners. Our Group is responsible to deliver the cloud-based software and ensure the customers have the right to access the cloud-based software in a stable way.

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The channel partners work as the agent and have the contractual obligation to follow our Group's pricing guidance and have no significant performance obligation towards the customers. Therefore our Group is the principal and recognizes revenue at the gross amount billed to the customers by the channel partners. The difference between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by our Group is recognized as contract acquisition cost. Contract acquisition costs are charged to selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

Our Group develops and sells customized self-hosted software. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the customized software as well as control the customized software until the software was delivered to the customer. The customized software generally has no alternative use for our Group due to contractual restrictions. However, an enforceable right to payment does not arise until customized software transfer to customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

Our Group recognizes an asset in relation to costs to fulfil its customized software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customized software is passed to the customer and the revenue is recognized.

### *Precision Marketing Services*

Our Group generates revenue from marketing solutions for advertising in a range of industries on media platforms. Precision marketing services include online advertisement solution services and online advertisement distribution services. Under each particular contract with customers, our Group is acting as a principal or an agent in the specific transactions. In determining whether our Group is acting as a principal or as an agent under the contract, management is required to take into account all relevant factors when making the judgement and evaluation, which are (a) whether our Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether our Group has inventory risk before or after the specified service or control has been transferred to a customer; and (c) whether our Group has discretion in establishing the prices for the specified service. Specifically, for online advertisement solution service, our Group acts as the principal of these arrangements, correspondingly recognizes revenue on a gross basis; while for online advertisement distribution service, our Group acts as the agent and recognizes revenue on a net basis.

### *Online Advertisement Solution Services*

Our Group provides one-stop, cross-media mobile marketing solutions by designing, producing, launching, monitoring and optimizing their advertisement campaigns, with strategic focus on top media platforms. Our Group charges the customers mainly based on Cost Per Mille ("CPM") and Cost Per Click ("CPC"), which is subject to downward adjustments when the unit costs of advertising exceeded the committed levels. Revenue is recognized at a point in time when the customer benefits from the services.

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While none of the factors individually are considered presumptive or determinative, in these arrangements our Group is the principal and responsible for (i) identifying and contracting with third-party advertisers which our Group views as customers, our Group is primarily responsible for delivering the specified integrated services to the advertisers and committed not to exceed the unit costs of advertising as agreed with the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic from media platforms cannot be compensated by the total consideration received from the advertisers; (iii) performing all the billing and collection activities based on prices negotiated by the Group with the advertisers; and (iv) taking responsibility for the advertising content that our Group produced and placed with media platforms. Our Group controls the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognizes revenue earned and costs incurred related to these transactions on gross basis. Under these arrangements, the rebates obtained from the media platforms are recorded as reduction of cost of sales. Rebates offered to the advertisers are recognized as deduction of revenue.

### *Online Advertisement Distribution Services*

Our Group provides traffic acquisition service to distribute the advertisements produced by the advertisers or our Group. The advertisements are published on the targeted media platforms as determined by the customers. Besides, our Group provides advertisements account charging service to customers upon the request from customers. Revenue is recognized at a point in time when the distribution of advertisements and charging of advertisement accounts are completed.

Our Group is not the principal in this arrangement as our Group does not control the specified service (i.e., the traffic) before that service is delivered to the customer, because (i) it is the targeted media platform, rather than our Group, who is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than our Group, and our Group did not commit to acquire the traffic before transferring to the customers. Therefore, our Group is not the principal in executing these transactions. Our Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, rebates granted by the media platforms are recorded as revenue in the consolidated statements of profit or loss. Rebates offered to the advertisers are recognized as a deduction of revenue.

### **Share-based Payments**

Our Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

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The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method and back-solve method, further details of which are given in Note 32 to the Accountants' Report included in Appendix I to this document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either our Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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### Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if our Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Impairment of Non-financial Assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and contract acquisition costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each period of the Track Record Period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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### Provision for Expected Credit Losses on Receivables

Our Group uses a provision matrix to calculate expected credit losses (“ECLs”) for receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns.

The provision matrix is initially based on our Group’s historical observed default rates. Our Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customer industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customers’ actual default in the future. The information about the ECLs on our Group’s receivables is disclosed in Notes 20 and 21 to the Accountants’ Report in Appendix I to this document.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of comprehensive income for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Revenue	877,231	1,142,776	1,232,120
Cost of services	(399,424)	(582,738)	(525,938)
<b>Gross profit</b>	<b>477,807</b>	<b>560,038</b>	<b>706,182</b>
Other income and gains	39,776	47,702	39,904
Selling and distribution expenses	(284,158)	(314,995)	(326,798)
Administrative expenses	(172,032)	(188,931)	(203,892)
Research and development expenses	(160,588)	(224,621)	(210,037)
Fair value changes of convertible redeemable preferred shares	(122,237)	(61,069)	(107,815)
Other expenses	(1,998)	(125)	(585)
Impairment for financial assets	(15,191)	(6,496)	(31,143)
Finance costs	(26,481)	(27,990)	(35,239)
<b>Loss before tax</b>	<b>(265,102)</b>	<b>(216,487)</b>	<b>(169,423)</b>
Income tax expense	(7,487)	32	(55)
<b>Loss for the year</b>	<b>(272,589)</b>	<b>(216,455)</b>	<b>(169,478)</b>

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### NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted net loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back fair value changes of convertible redeemable preferred shares, interest on preferred shares and [REDACTED] expenses. We exclude such items in adjusted net loss (non-IFRS measure) primarily because (i) fair value changes of convertible redeemable preferred shares are non-cash in nature and are not expected to result in future cash payments to be made by us. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company, and financial liabilities at fair value through profit or loss (“FVTPL”) will be converted into equity upon the [REDACTED]; (ii) interests on preferred shares are non-cash finance costs arising from granting preferred shares, which we have ceased to incur since 2022; and (iii) [REDACTED] expenses are expenses related to the [REDACTED]. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the year:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Reconciliation of net loss to</b>			
<b>adjusted net loss</b>			
<b>(non-IFRS measure):</b>			
Net loss for the year	(272,589)	(216,455)	(169,478)
Add:			
Fair value changes of convertible redeemable preferred shares	122,237	61,069	107,815
Interest on redeemable preferred shares	8,004	–	–
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<b>Adjusted net loss</b>			
<b>(non-IFRS measure)</b>	<b><u>(138,427)</u></b>	<b><u>(140,721)</u></b>	<b><u>(36,114)</u></b>

## FINANCIAL INFORMATION

We had net losses during the Track Record Period, primarily because we incurred substantial research and development expenses, administrative expenses and selling and distribution expenses during the process of rapid expansion of our SaaS business. According to Frost & Sullivan, SaaS solution providers often experience losses when expanding their business due to the time lag between revenue recognition and operational expenses. While a SaaS company bears substantial expenses in research and development, as well as selling and distribution and administration, the resultant revenue growth may manifest only at a subsequent phase, as revenue is recognized over the term of the contracts. To timely capture the opportunities from the favorable governmental policies adopted in recent years and the rising marketing and sales SaaS market in China, since 2019, we have experienced significant increases in (i) research and development expenses to enhance the performance of our products and launch new functional modules, (ii) selling and distribution expenses to promote our SaaS business and expand our user base, and (iii) administrative expenses to support the fast growth of our business scale. As we are still in the process of expansion of our SaaS business, we expect to record a net loss in 2023. See “Risk Factors – We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.”

Our adjusted net losses (non-IFRS measure) remained relatively stable at RMB138.4 million and RMB140.7 million in 2021 and 2022, respectively. Our adjusted net losses (non-IFRS measure) decreased from RMB140.7 million in 2022 to RMB36.1 million in 2023, primarily due to (i) an increase in gross profit, resulting from the increasing contribution of revenue from SaaS business, and (ii) a decrease in our research and development expenses, resulting from the enhanced efficacy and cost-efficiency of our research and development efforts.

### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, we generated revenue from our SaaS business and precision marketing services, and we recorded a significant increase in our revenue from SaaS business and precision marketing services. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	438,642	50.0	529,877	46.4	702,378	57.0
Precision marketing services	438,589	50.0	612,899	53.6	529,742	43.0
<b>Total</b>	<b><u>877,231</u></b>	<b><u>100.0</u></b>	<b><u>1,142,776</u></b>	<b><u>100.0</u></b>	<b><u>1,232,120</u></b>	<b><u>100.0</u></b>

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## FINANCIAL INFORMATION

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### *SaaS Business*

We deliver comprehensive and diversified SaaS products to our users to fulfill their various marketing and customer relationship management demands. As of December 31, 2023, our SaaS product matrix comprised 237 functional modules. Our revenue from SaaS business was largely generated from the subscription fee that we charge our users. For details on our revenue recognition policy with respect to our SaaS business, see “ – Critical Accounting Policies and Estimates – Revenue Recognition – SaaS Business.”

Our revenue from SaaS business increased from RMB438.6 million in 2021 to RMB529.9 million in 2022, and further to RMB702.4 million in 2023. The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, primarily due to our reduced marketing activities and higher customer attrition resulting from the adverse impact of the COVID-19 pandemic. In addition, our average contract value per user decreased from RMB45,026 in 2021 to RMB41,584 in 2022, primarily due to that our users reduced marketing and sales spend in light of the resurgences of the COVID-19 pandemic in 2022. Nonetheless, our revenue from SaaS business increased in 2022, primarily attributable to the increase in the contract value from users’ subscription in 2021 as compared to 2020, a portion of which was subsequently recognized as revenue in 2022. The revenue from our SaaS business increased by 32.6% from RMB529.9 million in 2022 to RMB702.4 million in 2023, benefiting from the increase in the number of users of our SaaS business from 23,647 in 2022 to 25,495 in 2023, as well as the increase in the average contract value per user from RMB41,584 in 2022 to RMB51,238 in 2023.

### *Precision Marketing Services*

Our precision marketing services comprise (i) online advertisement solution services, and (ii) online advertisement distribution services. We recognize revenue generated under our contracts with advertising customers for online advertisement solution services, where we act as the principal, on a gross basis. We recognize revenue generated under our contracts with advertising customers for online advertisement distribution services, where we act as the agent, on a net basis. For further details on our revenue recognition policy, see “– Critical Accounting Policies and Estimates – Revenue Recognition – Precision Marketing Services.”

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue generated from precision marketing services for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
Online advertisement solution services	355,330	81.0	529,158	86.3	445,033	84.0
Online advertisement distribution services	83,259	19.0	83,741	13.7	84,709	16.0
<b>Revenue</b>	<b><u>438,589</u></b>	<b><u>100.0</u></b>	<b><u>612,899</u></b>	<b><u>100.0</u></b>	<b><u>529,742</u></b>	<b><u>100.0</u></b>

Revenue generated from our precision marketing services increased from RMB438.6 million in 2021 to RMB612.9 million in 2022. This was primarily attributable to the increase in revenue from online advertisement solution services, which was recognized on a gross basis. The rapid growth of the revenue from our online advertisement solution services was primarily due to (i) the continuous enhancement of our marketing capability and improvement of service quality, helping us to further raise our brand awareness and attract more advertising customers for our online advertisement solution services; (ii) our strategic focus on quality advertising customers with stronger marketing needs and the willingness to procure professional marketing services from us; and (iii) the fast development of the online marketing market in China, where we strive to capture and address the concerns of the growing number of enterprises with marketing demands.

Revenue generated from our precision marketing services decreased from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily due to the decrease in the revenue from online advertisement solution services, which was mainly attributable to the decrease in the number of advertising customers for online advertisement solution services. Such decrease was mainly due to that we proactively adjusted our customer portfolio based on the factors such as the customers' credit history, business prospect and gross billing, in order to improve overall profitability and operation efficiency while minimizing risk exposure.

## FINANCIAL INFORMATION

The following table illustrates the reconciliation of our gross billing and our revenue under precision marketing services for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Gross billing	4,646,707	5,875,889	6,308,073
Less: advertising traffic charges from media platforms (netting off the rebates from media platforms)	4,208,118	5,262,990	5,778,331
<b>Revenue</b>	<b>438,589</b>	<b>612,899</b>	<b>529,742</b>

The following table sets forth a breakdown of our number of advertising customers and average spending per advertising customers for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Gross billing <i>(RMB in thousands)</i>	4,646,707	5,875,889	6,308,073
Number of advertising customers	845	998	1,042
– For online advertisement solution services	8	3	2
– For online advertisement distribution services	837	995	1,040
Average spending per advertising customers <sup>(1)</sup> <i>(RMB in thousands)</i>	5,499	5,888	6,054

*Note:*

- (1) The average spending per advertising customers refers to the average gross billing generated per advertising customers for the relevant year.

### Cost of Services

Our cost of services primarily consists of (i) advertising traffic costs on media platforms, which largely represents the costs we pay to media platforms to purchase traffic in connection with our precision marketing services, (ii) broadband and other hardware cost, which was mainly related to the broadband services and hardware such as servers for our SaaS business, (iii) employee benefit expenses, (iv) tax and surcharges, and (v) depreciation and amortization. With regard to depreciation and amortization, the amortization period and the amortization method for an intangible asset other than goodwill with a finite useful life are reviewed at least at each financial year end. The principal annual rate applied for this purpose is between 10% to 20% for our the software, which represents five to 10 years of useful life. We estimated the useful life of software based on difference pace of technological updating and market demand for services provided by using these assets. See Note 2.4 to the Accountants’ Report in Appendix I to this document.

## FINANCIAL INFORMATION

According to Frost & Sullivan, the cost structure of the cost of services of our SaaS business and precision marketing business are generally in line with those of other major market players. For SaaS business, the cost of services primarily includes their employee benefits and IT costs, representing approximately 10%-35% and 50%-80% of the cost of sales, respectively; for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90%-99% of cost of services.

The following table sets forth a breakdown of our cost of services by nature in absolute amounts and as a percentage of our total cost of services for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except percentages)</i>						
Advertising traffic costs on media platforms	346,125	86.7	520,813	89.4	437,532	83.2
Broadband and other hardware cost	33,183	8.3	36,210	6.2	60,617	11.5
Employee benefit expenses	13,427	3.3	20,894	3.6	20,096	3.8
Tax and surcharges	3,484	0.9	1,178	0.2	2,470	0.5
Depreciation and amortization	3,205	0.8	3,643	0.6	5,223	1.0
<b>Total</b>	<b><u>399,424</u></b>	<b><u>100.0</u></b>	<b><u>582,738</u></b>	<b><u>100.0</u></b>	<b><u>525,938</u></b>	<b><u>100.0</u></b>

During the Track Record Period, advertising traffic costs on media platforms constituted the largest component of our cost of services, which are attributable to our online advertisement solution services. Our advertising traffic costs on media platforms increased from RMB346.1 million in 2021 to RMB520.8 million in 2022. This was generally in line with the business growth of our online advertisement solution services. Our advertising traffic costs on media platforms decreased from RMB520.8 million in 2022 to RMB437.5 million in 2023, which was in line with the decrease in the revenue from online advertisement solution services. In 2021, 2022 and 2023, cost of precision marketing services accounted for a larger portion of our cost of services, representing 89.1%, 90.2% and 83.6% of our cost of services in relevant year respectively. In contrast, during the Track Record Period, cost of services in relation to our SaaS business accounted for 10.9%, 9.8% and 16.4% of our cost of services in relevant year respectively.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of services by business segment in absolute amounts and as a percentage of our cost of services for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	43,550	10.9	57,192	9.8	86,223	16.4
Precision marketing services	355,874	89.1	525,546	90.2	439,715	83.6
<b>Total</b>	<b>399,424</b>	<b>100.0</b>	<b>582,738</b>	<b>100.0</b>	<b>525,938</b>	<b>100.0</b>

### Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit by business segment in absolute amounts and gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross Gross Profit	Margin (%)	Gross Gross Profit	Margin (%)	Gross Gross Profit	Margin (%)
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	395,092	90.1	472,685	89.2	616,155	87.7
Precision marketing services	82,715	18.9	87,353	14.3	90,027	17.0
– Online advertisement solution services	8,460	2.4	7,942	1.5	7,348	1.7
– Online advertisement distribution services	74,255	89.2	79,411	94.8	82,679	97.6
<b>Total</b>	<b>477,807</b>	<b>54.5</b>	<b>560,038</b>	<b>49.0</b>	<b>706,182</b>	<b>57.3</b>

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## FINANCIAL INFORMATION

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During the Track Record Period, our gross profit increased robustly along with our increasing revenue because of our business growth, and in particular, the growth in our SaaS business. Our overall gross margins decreased from 54.5% in 2021 to 49.0% in 2022, and increased to 57.3% in 2023. The fluctuations in our overall gross margins were generally in line with the changes in our revenue structure, as the revenue contribution from SaaS business with a relatively higher gross profit margin accounted for 50.0%, 46.4% and 57.0% of our total revenue in 2021, 2022 and 2023, respectively. Our SaaS business recorded higher gross margin than precision marketing services because of the different cost structures. For SaaS business, the cost of services primarily includes employee benefit expenses, broadband and other hardware, depreciation and amortization and other costs, with employee benefit expenses and broadband and other hardware costs contributing the majority of cost of services. Following the initial investments in broadband and other hardware at the commencement of SaaS business, we are able to benefit from the economies of scale, and the depreciation and amortized costs are typically insignificant in absolute amount. In addition, the employee benefit expenses generally do not increase proportionately to the growth of SaaS revenue, thus accounting for the relatively higher gross margin. For precision marketing business, substantially all of the cost of services comes from the traffic procurement cost to media platforms for our online advertisement solution services, which is typically large in absolute amount and accounts for the relatively lower gross margin.

Benefiting from the business growth and economies of scale, the gross margin of our SaaS business was 90.1% in 2021 and remained relatively stable at 89.2% in 2022. The gross margin of our SaaS business slightly decreased to 87.7% in 2023, primarily attributable to an increase in the procurement of advertising data service to enhance the performance of our SaaS products.

The gross margins of our precision marketing service fluctuated during the Track Record Period, being 18.9% in 2021, 14.3% in 2022 and 17.0% in 2023, generally in line with the changes in the revenue structure. Revenue generated from our online advertisement solution services, accounting for 81.0%, 86.3% and 84.0% in 2021, 2022 and 2023, respectively, was recognized on a gross basis and entailed a relatively lower gross margin of 2.4%, 1.5% and 1.7% in 2021, 2022 and 2023, respectively. By comparison, revenue generated from our online advertisement distribution services was recognized on a net basis with a higher gross margin of 89.2%, 94.8% and 97.6% for the same years, respectively. The fluctuations in the gross margin of online advertisement solution services were primarily attributable to the changes in rebate rates received from media platforms and granted to customers. See “Business – Precision Marketing – Rebates.” The overall increase in the gross margin of online advertisement distribution services was primarily due to a decrease in the staff costs.

## FINANCIAL INFORMATION

### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses of our sales and marketing personnel, (ii) contract acquisition costs, which represents the payment we make to our channel partners for our SaaS business, (iii) office and rental expenses, and (iv) marketing and promotion expenses, which represents the costs incurred from our sales and marketing activities relating to our SaaS business. Our selling and distribution expenses accounted for 32.4%, 27.6% and 26.5% of our revenue in 2021, 2022 and 2023, respectively.

The following table sets forth a breakdown of the major components of our selling and distribution expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	170,272	195,574	186,776
Contract acquisition costs	32,225	32,780	34,747
Office and rental expenses	28,032	20,522	24,137
Marketing and promotion expenses	31,673	31,474	45,595
Depreciation and amortization	21,956	34,645	35,543
<b>Total</b>	<b><u>284,158</u></b>	<b><u>314,995</u></b>	<b><u>326,798</u></b>

Our employee benefit expenses for our sales and marketing personnel increased RMB170.3 million in 2021 to RMB195.6 million in 2022, primarily because we maintained a reasonable size of sales team and raised our hiring standards and compensation levels in 2022. Our employee benefit expenses for our sales and marketing personnel decreased from RMB195.6 million in 2022 to RMB186.8 million in 2023, primarily due to the decrease in the monthly average number of sales and marketing personnel from 1,227 in 2022 to 957 in 2023. See “Business – Employees.” In addition, we granted performance-based bonus to direct sales team of RMB7.0 million, RMB3.5 million and RMB2.9 million in 2021, 2022 and 2023, respectively, and the total sales commission amounted to RMB18.1 million, RMB17.4 million and RMB20.0 million for 2021, 2022 and 2023, respectively. See “Business – Sales and Marketing – SaaS Business.”

## FINANCIAL INFORMATION

Our depreciation and amortization increased from RMB22.0 million in 2021 to RMB34.6 million in 2022, and further increased to RMB35.5 million in 2023, primarily because we leased more office properties and purchased more office equipments along with the expansion of our business scale.

### Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses for our administrative personnel, (ii) office and rental expenses, (iii) depreciation and amortization, (iv) share-based payment expenses, (v) professional service fees and (vi) [REDACTED] expense. Our employee benefit expenses for our administrative personnel increased from RMB92.7 million in 2021 to RMB105.0 million in 2022, primarily due to the increased average compensation to strengthen our headquarter functions. Our employee benefit expenses for our administrative personnel decreased from RMB105.0 million in 2022 to RMB99.9 million in 2023, primarily due to the decrease in the monthly average number of administrative personnel from 536 in 2022 to 447 in 2023. Our depreciation and amortization increased from RMB19.8 million in 2021 to RMB28.3 million in 2022, and further increased to RMB30.2 million in 2023, primarily because we leased more office properties and purchased more office equipments along with the expansion of our business scale. We recorded professional service fees of RMB18.1 million in 2021, which primarily represented expenses that we incurred for the consulting and professional services incurred from financing activities. Our administrative expenses accounted for 19.6%, 16.5% and 16.5% of our revenue in 2021, 2022 and 2023, respectively.

The following table sets forth a breakdown of the components of our general and administrative expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	92,712	104,977	99,946
Office and rental expenses	26,672	18,435	22,078
Depreciation and amortization	19,825	28,316	30,213
Share-based payment expenses	7,952	8,378	8,378
Professional service fees	18,079	4,979	6,889
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	2,871	9,181	10,839
<b>Total</b>	<b>172,032</b>	<b>188,931</b>	<b>203,892</b>

## FINANCIAL INFORMATION

### Research and Development Expenses

Our research and development efforts mainly focus on developing and upgrading technologies and functional modules for our SaaS products. Our research and development expenses primarily consist of (i) employee benefit expenses for our R&D personnel, (ii) depreciation and amortization, and (iii) office and rental expenses. Employee benefit expenses for our R&D personnel increased from RMB116.2 million in 2021 to RMB172.8 million in 2022, primarily due to the expansion of our R&D team throughout the year. In particular, employee benefit expenses for our R&D personnel and the number of our R&D personnel increased significantly in 2021, primarily because we launched various projects to further enhance the data analytics, integration and processing capabilities of the Marketingforce platform. Our R&D team is essential to the improvement of our core technological capabilities to help our SaaS products stay competitive, such as upgrading and iterating the functional modules and enhancing the data analytics capability of the Marketingforce platform. Our employee benefit expenses for our R&D personnel decreased from RMB172.8 million in 2022 to RMB149.8 million in 2023, primarily due to the decrease in the monthly average number of R&D personnel from 596 in 2022 to 511 in 2023, as we streamlined our R&D forces and outsourced certain ancillary R&D tasks to third-party technical service providers, such as the development of system browser extensions that enhance the functionality of our products. Meanwhile, we focus on the in-house R&D activities on core technologies development, which allows us to further upgrade functional modules for our SaaS products and enhance the data analytics capability of our Marketingforce platform. See “Business – Research and Development.” Our research and development expenses accounted for 18.3%, 19.7% and 17.0% of our revenue in 2021, 2022 and 2023, respectively. To maintain our strength in R&D capabilities, we have been and will continue to invest in R&D activities.

The following table sets forth a breakdown of the components of our research and development expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	116,225	172,795	149,777
Depreciation and amortization	20,065	26,063	27,828
Office and rental expenses	15,620	16,619	11,592
Professional service fees	8,678	9,144	20,840
	160,588	224,621	210,037
<b>Total</b>	<b>160,588</b>	<b>224,621</b>	<b>210,037</b>

## FINANCIAL INFORMATION

### Other Income and Gains

Our other income and gains primarily consist of (i) government grants, and (ii) bank interest income. The following table sets forth a breakdown of the major components of our other income and gains for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Government grants	39,175	45,186	38,059
Bank interest income	526	1,109	1,048
Gains on disposal of right-of-use assets and lease liabilities	13	208	424
Gains on modification of right-of-use assets and lease liabilities	–	–	281
Foreign exchange gains, net	–	971	–
Others	62	228	92
<b>Total</b>	<b>39,776</b>	<b>47,702</b>	<b>39,904</b>

Government grants provided to us mainly relate to VAT deduction for eligible companies, which are generally conditional in nature. VAT deduction refers to the deduction of the 10% excess of VAT calculated with reference to the cost of services of our SaaS business and precision marketing solution services registered with the relevant tax authorities, pursuant to the Circular Announcement on Deepening Policies Related to VAT Reform (《財政部稅務總局海關總署關於深化增值稅改革有關政策的公告》) issued by the MOF, the STA and the General Administration of Customs in March 2019.

### Finance Costs

Our finance costs comprise (i) interest on redeemable preferred capital, which is related to the preferred shares, (ii) interest on interest-bearing bank borrowings, and (iii) interest on lease liabilities. Our finance costs amounted to RMB26.5 million, RMB28.0 million and RMB35.2 million in 2021, 2022 and 2023, respectively.

## FINANCIAL INFORMATION

### Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares represent the fair value change relating to the liability element of the convertible redeemable preferred shares issued to Pre-[REDACTED] Investors. The convertible redeemable preferred shares are initially recognized at fair value at the time of issuance. We recognize changes in the redemption element of convertible redeemable preferred shares in profit or loss. See Notes 29 to the Accountants’ Report in Appendix I to this document. We recorded fair value changes of convertible redeemable preferred shares of RMB122.2 million, RMB61.1 million and RMB107.8 million in 2021, 2022 and 2023, respectively.

### Other Expenses

Our other expenses primarily comprise (i) losses on disposal of items of property, plant and equipment, (ii) losses on disposal of right-of-use assets and lease liabilities, and (iii) foreign exchange losses. See Notes 9 to the Accountants’ Report in Appendix I to this document. Our other expenses amounted to RMB2.0 million, RMB0.1 million and RMB0.6 million in 2021, 2022 and 2023, respectively.

The table below sets for a breakdown of other expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Losses on disposal of items of property, plant and equipment	132	125	30
Foreign exchange losses, net	1,422	–	60
Others	444	–	495
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	<b><u>          1,998</u></b>	<b><u>          125</u></b>	<b><u>          585</u></b>

### Impairment for Financial Assets

Impairment for financial assets represents the impairment loss recognized on financial assets under expected credit losses model. See Notes 2.4 to the Accountants’ Report in Appendix I to this document. Our impairment for financial assets amounted to RMB15.2 million, RMB6.5 million and RMB31.1 million in 2021, 2022 and 2023, respectively.

## FINANCIAL INFORMATION

### Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which our members are domiciled and operate. Under the current laws of the Cayman Islands, our Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by our Company to its shareholders, no Cayman Islands withholding tax is imposed.

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period.

Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the Track Record Period unless subject to tax concession. For details of the tax concession granted to our PRC subsidiaries during the Track Record Period, see Note 12 to the Accountants’ Report in Appendix I to this document. The increase in the income tax expenses during the Track Record Period was primarily due to the increase in taxable income of some subsidiaries of our Group. Our PRC Legal Advisor has confirmed that none of our PRC operating subsidiaries was subject to administrative penalties imposed by the relevant tax authorities due to serious violations of the tax laws and regulations during the Track Record Period.

In 2021, 2022 and 2023, we recorded expenses not deductible for tax of RMB19.4 million, RMB9.5 million and RMB18.7 million, respectively. Expenses not deductible for tax mainly represented the fair value loss on convertible redeemable preferred shares, which are not deductible for tax.

The following table sets forth a breakdown of the major components of our income tax expense for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Current income tax	7,509	7	–
Deferred income tax	(22)	(39)	55
	7,487	(32)	55
<b>Total</b>	<b>7,487</b>	<b>(32)</b>	<b>55</b>

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## FINANCIAL INFORMATION

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### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

##### *Revenue*

Our revenue increased from RMB1,142.8 million in 2022 to RMB1,232.1 million in 2023, primarily due to the increase in the revenue from SaaS business, partially offset by the decrease in the revenue from precision marketing services.

##### *SaaS Business*

Our revenue from SaaS business increased by 32.6% from RMB529.9 million in 2022 to RMB702.4 million in 2023, primarily attributable to the increases in the number of users of our SaaS business from 23,647 in 2022 to 25,495 in 2023, and the average contract value per user from RMB41,584 in 2022 to RMB51,238 in 2023. Such increases were mainly attributable to (i) our improvement and expansion of SaaS product offerings, incentivizing the users to increase spending and (ii) our continuous dedication to customer success, helping users to better understand and create the most value of our SaaS products.

##### *Precision Marketing Services*

Our revenue from our precision marketing services decreased by 13.6% from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily attributable to the decrease in the revenue from online advertisement solution services from RMB529.2 million in 2022 to RMB445.0 million in 2023. Such decrease was mainly due to the decreased number of advertising customers of online advertisement solution services, as we proactively adjusted our customer portfolio based on factors such as the customers’ credit history, business prospect and gross billing, in order to improve the overall profitability and operation efficiency while minimizing risk exposure.

##### *Cost of Services*

Our cost of services decreased by 9.7% from RMB582.7 million in 2022 to RMB525.9 million in 2023, primarily due to the decrease in the cost of services of our precision marketing services, partially offset by the increase in the cost of services of our SaaS business.

##### *SaaS Business*

Our cost of services of SaaS business increased by 50.7% from RMB57.2 million in 2022 to RMB86.2 million in 2023. Such increase was primarily due to the procurement of broadband, hardware and other ancillary services to enhance the performance of our SaaS products.

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## FINANCIAL INFORMATION

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### *Precision Marketing Services*

Our cost of services of precision marketing services decreased by 16.3% from RMB525.5 million in 2022 to RMB439.7 million in 2023, generally in line with the decrease in our revenue from precision marketing services in the same year.

### *Gross Profit and Gross Margin*

As a result of the foregoing, our overall gross profit increased by 26.1% from RMB560.0 million in 2022 to RMB706.2 million in 2023, and our overall gross margin increased from 49.0% in 2022 to 57.3% in 2023. The increase in our overall gross margin was primarily attributable to the increasing proportion of the revenue from our SaaS business, which is relatively higher-margin in nature.

### *SaaS Business*

Our gross profit of our SaaS business increased by 30.4% from RMB472.7 million in 2022 to RMB616.2 million in 2023. Our gross margin decreased from 89.2% in 2022 to 87.7% in 2023. The decrease in gross margin was primarily attributable to an increase in costs, which was mainly due to the procurement of advertising data service to enhance the performance of our SaaS products.

### *Precision Marketing Services*

Our gross profit of our precision marketing service increased by 3.1% from RMB87.4 million in 2022 to RMB90.0 million in 2023. The gross margin of our precision marketing service increased from 14.3% in 2022 to 17.0% in 2023. The increase was mainly attributable to the increased proportion of revenue from online advertisement distribution services, which was recognized on a net basis with relatively high gross margin.

### *Selling and Distribution Expenses*

Our selling and distribution expenses slightly increased from RMB315.0 million in 2022 to RMB326.8 million in 2023, which was primarily due to an increase in marketing and promotion expenses as a result of the increased promotion efforts along with the expansion of our SaaS business, partially offset by the decrease in employee benefit expenses resulting from the decreased monthly average number of sales and marketing personnel from 1,227 in 2022 to 957 in 2023.

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### *Administrative Expenses*

Our administrative expenses increased by 7.9% from RMB188.9 million in 2022 to RMB203.9 million in 2023, mainly due to (i) the increase in [REDACTED] expense, and (ii) the increase in professional service fees, mainly incurred from the consulting services relating to our daily operations, partially offset by the decrease in employee benefit expenses resulting from the decreased monthly average number of administrative personnel from 536 in 2022 to 447 in 2023, benefiting from our efforts in enhancing the operational efficiency of administrative management.

### *Research and Development Expenses*

Our research and development expenses decreased from RMB224.6 million in 2022 to RMB210.0 million in 2023, primarily due to (i) the decrease in employee benefit expenses, resulting from the decrease in the monthly average number of R&D personnel from 596 in 2022 to 511 in 2023, partially offset by the increase in professional service fees, as we streamlined our R&D forces and outsourced certain ancillary R&D tasks to third-party technical service providers. Meanwhile, we directed our internal R&D resources towards the in-house development of core technologies.

### *Other Income and Gains*

Our other income and gains decreased by 16.4% from RMB47.7 million in 2022 to RMB39.9 million in 2023, primarily due to the decrease in government grants refunding deductible VAT that we were entitled to.

### *Finance Costs*

Our finance costs increased by 25.7% from RMB28.0 million in 2022 to RMB35.2 million in 2023, primarily due to the increase in interest on interest-bearing bank and other borrowings.

### *Fair Value Changes of Convertible Redeemable Preferred Shares*

Fair value changes of convertible redeemable preferred share increased from RMB61.1 million in 2022 to RMB107.8 million in 2023, primarily due to the fair value change relating to the liability element of the financial instruments issued to the Pre-[REDACTED] Investors.

### *Other Expenses*

Our other expenses amounted to RMB0.1 million and RMB0.6 million in 2022 and 2023, respectively.

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### *Impairment for Financial Assets*

Our impairment for financial assets amounted to RMB6.5 million and RMB31.1 million in 2022 and 2023, respectively.

### *Income Tax Expenses*

We recorded income tax credit of RMB0.0 million and income tax expense of RMB0.1 million in 2022 and 2023, respectively.

### *Loss for the Year*

As a result of the foregoing, our net loss decreased from RMB216.5 million in 2022 to RMB169.5 million in 2023.

## **Year Ended December 31, 2022 Compared to Year Ended December 31, 2021**

### *Revenue*

Our total revenue increased by 30.3% from RMB877.2 million in 2021 to RMB1,142.8 million in 2022, primarily due to the increase in the revenue from both SaaS business and precision marketing services.

### *SaaS Business*

We have recorded a lower-than-expected revenue growth for our SaaS business in 2022 as compared to 2021, because our offline sales and marketing activities and business operations have been disrupted by the COVID-19 outbreak and the pandemic control measures during the first half of 2022. Despite the negative impact brought by the pandemic, we still managed to record a revenue growth in SaaS business, which increased by 20.8% from RMB438.6 million in 2021 to RMB529.9 million in 2022, primarily attributable to the increase in the contract value from users' subscription in 2021 as compared to 2020, which was subsequently recognized as revenue in the next year. Such increase was mainly because (i) we continued to enhance sales and marketing efforts as a result of our established sales offices across China, (ii) we launched more refined products and editions launched with upgraded functional modules that address users' needs in various business scenarios, attracting new users and incentivizing the existing users to increase spending, and (iii) our relentless dedication to customer success and helping users to better understand and create the most value of our SaaS products, partially offset by the decreased average contract value per user due to the temporarily-reduced budgets of our users in light of the resurgences of the COVID-19 pandemic in 2022.

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## FINANCIAL INFORMATION

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### *Precision Marketing Services*

Revenue from our precision marketing services increased by 39.7% from RMB438.6 million in 2021 to RMB612.9 million in 2022. This was due to (i) increased revenue from online advertisement solution services from RMB355.3 million in 2021 to RMB529.2 million in 2022 and (ii) to a lesser extent, the increased revenue from online advertisement distribution services from RMB83.3 million in 2021 to RMB83.7 million in 2022. Such increases were mainly attributable to (i) the increase in the number of advertising customers from 845 in 2021 to 998 in 2022, and (ii) the increase in the average spending per advertising customers from RMB5.5 million in 2021 to RMB5.9 million in 2022. Such increases are driven by the increasing online marketing demands of enterprises in 2022, during which period certain business and sales activities have shifted to online channels due to the impact of COVID-19 outbreak.

### *Cost of Services*

Our cost of services increased by 45.9% from RMB399.4 million in 2021 to RMB582.7 million in 2022, which was generally in line with our business growth of SaaS business and precision marketing services.

### *SaaS Business*

Our cost of services of SaaS business increased by 31.3% from RMB43.6 million in 2021 to RMB57.2 million in 2022, which was generally in line with the revenue increase from SaaS business resulting from the business growth in 2022.

### *Precision Marketing Services*

Cost of services of our precision marketing services increased by 47.7% from RMB355.9 million in 2021 to RMB525.5 million in 2022. This was primarily due to the increase in advertising traffic acquisition costs on media platforms resulting from the business growth of online advertisement solution services, which was recognized on a gross basis.

### *Gross Profit and Gross Margin*

As a result of foregoing, our overall gross profit increased by 17.2% from RMB477.8 million in 2021 to RMB560.0 million in 2022, and our overall gross margin decreased from 54.5% in 2021 to 49.0% in 2022. This was primarily attributable to the increasing proportion of the revenue from our precision marketing services, which is relatively lower-margin in nature.

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### *SaaS Business*

Our gross profit of our SaaS business increased by 19.6% from RMB395.1 million in 2021 to RMB472.7 million in 2022, which was in line with our revenue growth of SaaS business. The gross margin of our SaaS business remained relatively stable at 90.1% and 89.2% in 2021 and 2022, respectively.

### *Precision Marketing Services*

Gross profit of our precision marketing services increased by 5.6% from RMB82.7 million in 2021 to RMB87.4 million in 2022, whilst gross margin of our precision marketing services decreased from 18.9% in 2021 to 14.3% in 2022. This was primarily due to the increase in the proportion of revenue from online advertisement solution services, which was recognized on gross basis with a relatively low gross profit margin.

### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by 10.8% from RMB284.2 million in 2021 to RMB315.0 million in 2022, primarily due to the increase in employee benefit expenses. The increase was mainly attributable to the growth of employee benefit expenses for our sales and marketing personnel from RMB170.3 million in 2021 to RMB195.6 million in 2022. We experienced fluctuations in the number of our sales staff in 2022, which decreased in the second quarter of 2022 as our sales and marketing activities were adversely impacted by the COVID-19 pandemic and the relevant measures. However, in the third quarter of 2022, we recruited relatively more sales staff to enhance our selling and marketing efforts in light of the improving situation of COVID-19 pandemic. Overall, in 2022, we managed to maintain a reasonable size of sales team in light of the sporadic resurgences of the COVID-19 pandemic, with the monthly average number of sales staff slightly decreasing from 1,412 in 2021 to 1,227 in 2022. In addition, in 2022, we raised our hiring standards and compensation levels to attract qualified talents to enhance our sales capabilities, further contributing to increased sales and distribution expenses.

### *Administrative Expenses*

Our administrative expenses increased by 9.8% from RMB172.0 million in 2021 to RMB188.9 million in 2022, primarily due to the increase in employee benefit expenses from RMB92.7 million in 2021 to RMB105.0 million in 2022, resulting from the increased average compensation to strengthen our headquarter functions, partially offset by decrease in professional service fees.

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### *Research and Development Expenses*

Our research and development expenses increased by 39.9%, from RMB160.6 million in 2021 to RMB224.6 million in 2022. This was primarily due to (i) the increase in employee benefit expenses resulting from the increased average compensation for our R&D personnel to continue investing in R&D on our SaaS business, and (ii) the increase in professional services incurred by the R&D projects focusing on product upgrade and iteration of our SaaS products, and the enhancement of the data analytics capability of the data middle platform.

### *Other Income and Gains*

Our other income and gains increased by 19.9% from RMB39.8 million in 2021 to RMB47.7 million in 2022, primarily due to the increase in government grants refunding deductible VAT that we were entitled to.

### *Finance Costs*

Our finance costs remained relatively stable at RMB26.5 million and RMB28.0 million in 2021 and 2022, respectively.

### *Fair Value Changes of Convertible Redeemable Preferred Shares*

Fair value changes of convertible redeemable preferred share decreased by 50.0% from RMB122.2 million in 2021 to RMB61.1 million in 2022, primarily due to the fair value change relating to the liability element of the financial instruments issued to the Pre-[REDACTED] Investors.

### *Other Expenses*

Our other expenses amounted to RMB2.0 million and 0.1 million in 2021 and 2022, respectively.

### *Impairment for Financial Assets*

Our impairment for financial assets amounted to RMB15.2 million and RMB6.5 million in 2021 and 2022, respectively.

### *Income Tax Expense*

We recorded income tax expense of RMB7.5 million in 2021 and income tax credit of RMB0.0 million in 2022.

### *Loss for the Year*

As a result of the foregoing, our net loss decreased from RMB272.6 million in 2021 to RMB216.5 million in 2022.

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### DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

#### Non-Current Assets and Liabilities

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

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
<b>Non-Current assets</b>			
Property, plant and equipment	110,109	121,422	93,353
Right-of-use assets	155,414	172,663	115,316
Intangible assets	5,092	3,761	2,884
Prepayments, other receivables and other assets	7,995	14,994	17,459
Deferred tax assets	23	55	–
Contract acquisition cost	364	1,108	1,390
	<b>278,997</b>	<b>314,003</b>	<b>230,402</b>
<b>Non-Current liabilities</b>			
Lease liabilities	126,277	136,597	89,643
Other payables and accruals	1,428	1,575	3,370
Contract liabilities	57,296	64,718	66,337
Convertible redeemable preferred shares	942,483	1,096,475	–
Deferred tax liabilities	7	–	–
	<b>1,127,491</b>	<b>1,299,365</b>	<b>159,350</b>

#### Property, Plant and Equipment

Our property, plant and equipment increased by 10.3% from RMB110.1 million as of December 31, 2021 to RMB121.4 million as of December 31, 2022, primarily due to the procurement of office equipment, furniture and fixtures for our newly established second headquarter in Wuhan. Our property, plant and equipment decreased by 23.1% from RMB121.4 million as of December 31, 2022 to RMB93.4 million as of December 31, 2023, primarily due to the depreciation charge and the decreased additions during the year.

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### Right-of-Use Assets

Our right-of-use assets primarily comprised leasehold land and office premises. Our right-of-use assets increased by 11.1% from RMB155.4 million as of December 31, 2021 to RMB172.7 million as of December 31, 2022. Such increase was primarily because we leased additional office premises along with our business expansion. Our right-of-use assets decreased by 33.2% from RMB172.7 million as of December 31, 2022 to RMB115.3 million as of December 31, 2023, primarily due to depreciation of leases.

### Convertible Redeemable Preferred Shares

In 2021, we entered into subscription agreements with the Pre-[REDACTED] Investors and issued the convertible redeemable preferred shares. For further details of the identity and background of the the Pre-[REDACTED] Investors, and the principal terms of the relevant investments, see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-[REDACTED] Investments.” As of December 31, 2021, 2022 and 2023, we recorded non-current convertible redeemable preferred shares of RMB942.5 million, RMB1,096.5 million and nil, respectively. These amounts were recognized as non-current liabilities in 2021 and 2022. Such convertible redeemable preferred shares were recategorized as current liabilities in 2023, amounting to RMB1,223.8 million, as the redemption rights were set to mature in less than twelve months as of December 31, 2023. In January 2024, the shares were categorized back to non-current liabilities due to the changes on the redemption rights pursuant to the amended memorandum and articles of association. See Notes 2.2 and 27 to the Accountants’ Report in Appendix I to this document. They would not, however, have an impact on our cash position or capital resources upon the [REDACTED]. Upon the [REDACTED] and the conversion of such convertible redeemable preferred shares into our ordinary shares, such liability will be derecognized.

### Net Current Assets/(Liabilities)

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

	As of December 31,			As of
	2021	2022	2023	January 31,
	<i>(RMB in thousands)</i>			2024
				<i>(unaudited)</i>
<b>Current assets</b>				
Trade and bills receivables	174,218	130,886	112,663	96,892
Contract acquisition cost	19,790	14,314	38,406	42,699
Prepayments, other receivables and other assets	1,114,108	1,399,852	1,711,324	1,866,372

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	As of December 31,			As of
	2021	2022	2023	January 31, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Financial assets at fair value through other comprehensive income	–	2,055	1,602	1,602
Tax recoverable	8,306	2,707	–	2,670
Restricted cash	–	9,109	20,481	13,593
Short-term bank deposits	–	–	50,000	50,000
Cash and cash equivalents	215,658	203,506	138,022	164,594
<b>Total current assets</b>	<b><u>1,532,080</u></b>	<b><u>1,762,429</u></b>	<b><u>2,072,498</u></b>	<b><u>2,238,422</u></b>
<b>Current liabilities</b>				
Trade payables	15,568	43,669	50,950	48,939
Other payables and accruals	213,642	581,544	612,701	741,218
Interest-bearing bank and other borrowings	507,432	412,878	619,812	676,228
Lease liabilities	43,248	71,358	54,304	47,758
Contract liabilities	357,793	418,848	509,788	457,531
Tax payable	4,358	7	7	–
Convertible Redeemable preferred capital	–	–	1,223,789	–
Other current liabilities	24,231	28,656	32,894	30,286
<b>Total current liabilities</b>	<b><u>1,166,272</u></b>	<b><u>1,556,960</u></b>	<b><u>3,104,245</u></b>	<b><u>2,001,960</u></b>
<b>Net current (liabilities)/assets</b>	<b><u><u>365,808</u></u></b>	<b><u><u>205,469</u></u></b>	<b><u><u>(1,031,747)</u></u></b>	<b><u><u>236,462</u></u></b>

We had net current assets of RMB236.5 million as of January 31, 2024, compared to net current liabilities of RMB1,031.7 million as of December 31, 2023, primarily due to the recategorization of convertible redeemable preferred capital to non-current liabilities. See “– Convertible Redeemable Preferred Shares.”

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We had net current liabilities of RMB1,031.7 million as of December 31, 2023, compared to net current assets of RMB205.5 million as of December 31, 2022, primarily due to (i) the record of convertible redeemable preferred capital of RMB1,223.8 million that was recognized as current liabilities in 2023, (ii) an increase of RMB206.9 million in interest bearing bank and other borrowings, and (iii) an increase of RMB90.9 million in contract liabilities partially offset by an increase of RMB311.5 million in prepayments, other receivables and other assets, which was mainly in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services.

Our net current assets decreased from RMB365.8 million as of December 31, 2021 to RMB205.5 million as of December 31, 2022, primarily due to (i) an increase of RMB367.9 million in other payables and accruals, (ii) an increase of RMB61.1 million in contract liabilities, (iii) a decrease of RMB43.3 million in trade and bills receivables, (iv) an increase of RMB28.1 million in trade payables, and (v) an increase of RMB28.1 million in lease liabilities, partially offset by (i) an increase of RMB285.7 million in prepayments, other receivables and other assets, which was mainly attributable to the increase in other receivables in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services, and (ii) a decrease of RMB94.6 million in interest-bearing bank and other borrowings.

We recorded net liabilities of RMB482.7 million and RMB779.9 million as of December 31, 2021 and 2022, respectively. The increase was mainly attributable to the loss for the year of RMB216.5 million in 2022 and exchange differences on translation of RMB89.1 million in 2022. Our net liabilities increased from RMB779.9 million as of December 31, 2022 to RMB960.7 million as of December 31, 2023, primarily due to the loss for the year of RMB169.5 million in 2023 and exchange differences on translation of RMB19.7 million in 2023. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the [REDACTED]. We expect our net liability position will turn into a net asset position upon the [REDACTED].

### **Trade and Bills Receivables**

Our trade receivables primarily relate to the amounts due from (i) our advertising customers of our precision marketing services, and (ii) users of our SaaS business. Our bills receivables mainly relate to the amounts due from our advertising customers of our online advertisement distribution services.

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The following table sets forth our trade and bills receivables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Bills receivables	116,154	12,650	1,436
Trade receivables	74,454	129,799	129,139
Impairment	(16,390)	(11,563)	(17,912)
<b>Total</b>	<b><u>174,218</u></b>	<b><u>130,886</u></b>	<b><u>112,663</u></b>

During the Track Record Period, we have implemented effective credit management system and policies. For our precision marketing services, our trading terms with customers are mainly on credit, and we normally provide our customers with a credit term not exceeding 90 days subject to the creditworthiness of the relevant customers according to our customer credit management system. For our SaaS business, we tightened our credit term policy, typically requiring users to pay upfront before the delivery of SaaS products in 2021.

Our trade receivables increased from RMB74.5 million as of December 31, 2021 to RMB129.8 million as of December 31, 2022, primarily due to: (i) the revenue from online advertisement solution services increased along with our business expansion, under which we grant credit terms to our customers, and (ii) some of our customers slowed down the settlement process due to the adverse impact of COVID-19 resurgences in 2022. Our trade receivables remained relatively stable, being RMB129.8 million as of December 31, 2022 and RMB129.1 million as of December 31, 2023.

The following table sets forth the major components of our bills receivables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Discounted but not derecognized bills	115,116	12,650	–
Bills receivables on hand	1,038	–	1,436
<b>Total</b>	<b><u>116,154</u></b>	<b><u>12,650</u></b>	<b><u>1,436</u></b>

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Historically, certain of our advertising customers of online advertisement distribution services made payments by bank acceptance bills. Under our accounting policy, we assess the financial risk associated with these bills, and retain the risks and rewards by recognizing them as bills receivables until such bills become due, at which time the risk is considered eliminated. As all bank acceptance bills received in 2021 became due in 2022 and were derecognized, the balance of discounted but not derecognized bank acceptance bills decreased to RMB12.7 million as of December 31, 2022, leading to the decrease in bills receivables from RMB116.2 million as of December 31, 2021 to RMB12.7 million as of December 31, 2022. As of December 31, 2023, we recorded bills receivables of RMB1.4 million.

As of December 31, 2021, 2022 and 2023, our bills receivables within one year based on the date of recognition and net of allowance amounted to RMB115.0 million, RMB12.5 million and RMB1.4 million, respectively. As of December 31, 2023, substantially all of our bills receivables were within one year.

The following table sets forth an aging analysis of our trade receivables based on the date of recognition and net of allowance as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
Within 90 days	44,753	75.6	108,465	91.7	72,757	65.4
90 to 180 days	4,799	8.1	6,267	5.3	20,530	18.5
181 days to 1 year	3,885	6.6	1,001	0.8	14,128	12.7
Over 1 year	5,751	9.7	2,637	2.2	3,823	3.4
<b>Total</b>	<b><u>59,188</u></b>	<b><u>100.0</u></b>	<b><u>118,370</u></b>	<b><u>100.0</u></b>	<b><u>111,238</u></b>	<b><u>100.0</u></b>

We have also implemented trade and bills receivables management policies to monitor and enhance the collection of trade and bills receivables in the ordinary course of business. Our finance department is responsible for preparing a monthly report of the collection process of trade and bills receivables. We assign the collection of trade and bills receivables to our sales team. The responsible sales team should contact relevant customers in an expeditious manner for the settlement of payment following the commencement of relevant services or the delivery of relevant products, and the sales team is required to maintain frequent communications with our customers to ensure effective credit control. If the customer cannot make immediate settlement when the payment is overdue, the sales team will contact the customer and implement a payment plan to ensure the recoverability of the trade and bills receivables. Specifically, for each customer whose receivables are aged over two years with total amount exceeding RMB0.5 million, we would issue a written notice to such customer. If the payment is not made within 30 days following the issuance of the written notice, we would transfer the case to our legal department where appropriate, and our legal department will take actions, including legal proceedings for collection if necessary.

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We have assessed the recoverability of the relevant outstanding trade and bills receivables by taking into account of financial position of our customers, credit rating and credit history of our customers, the years of relationship between our Group and customers and future changes in market or environment that have a significant adverse effect on our customers' ability to meet their payment obligation to us and other factors. We believe that the risk of not being able to recover the relevant trade and bills receivables is relatively low primarily because we have evaluated the customers' historical credit standings.

We apply the approach to make provisions for expected credit losses prescribed by IFRS 9. As of December 31, 2021, 2022 and 2023, the expected credit loss rate for bills receivables was 0.97%, 1.06% and 0.77%, respectively. The fluctuation of expected loss rate for bills receivables was primarily due the change in the composition of bills receivables, which include commercial acceptance bills and bank acceptance bills. Compared with bank acceptance bills, commercial acceptance bills feature higher credit risks, thus resulting in higher expected credit loss rates. In addition, notwithstanding the relatively lower credit risks, the credit risks of bank acceptance bills vary among different acceptance banks. Therefore, the average expected credit loss rates would fluctuate along with the changes in the composition of bills receivables.

Our policy for impairment loss on trade and bills receivables is based on an evaluation of collectability and ageing analysis of the receivables, which requires the use of judgment and estimation, considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of the customers and influence from macro economy. We closely review the trade and bills receivable balance and any overdue balances on an ongoing basis and assess the collectability of overdue balances. As of December 31, 2021, 2022 and 2023, impairment for trade and bills receivables amounted to RMB16.4 million, RMB11.6 million and RMB17.9 million, respectively. For further information about our accounting for trade and bills receivables and description of ECL information, see Note 20 to the Accountants' Report included in Appendix I to this document. In light of the above, we believe that there is no recoverability issue of trade and bills receivables, and that sufficient provision has been made.

The following table sets forth the turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade receivables turnover days <sup>(1)</sup>	<u>48</u>	<u>33</u>	<u>38</u>

*Note:*

- (1) Trade receivables turnover days equal to the average of the opening and closing trade receivables balances for the period divided by total revenue for the relevant period, multiplied by the number of days in the relevant period.

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Our trade receivables turnover days decreased from 48 days in 2021 to 33 days in 2022 primarily due to (i) the tightened credit term policies in 2021 for our SaaS products, typically requiring users to pay upfront before the delivery of SaaS products, and (ii) enhanced management over trade receivables. Our trade receivables turnover days increased from 33 days in 2022 to 38 days in 2023, primarily because we extended the credit term for certain of our advertising customers who had good creditworthiness.

As of February 29, 2024, RMB82.5 million, or approximately 73.2% of our trade and bills receivables as of December 31, 2023 had been settled.

### Prepayments, Other Receivables and Other Asset (Current)

Our prepayments, other receivables and other assets primarily comprise (i) other receivables in relation to prepayment on behalf of advertisers – third parties, which mainly represent the amount due from advertising customers that purchased our online advertisement distribution services, (ii) other prepayments, (iii) other tax recoverable, and (iv) deposits and other receivables.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,065,794	1,334,168	1,670,000
Other prepayments	26,132	20,592	23,637
Other tax recoverable	17,560	39,978	27,966
Deposits	15,028	22,930	12,603
Prepayments for purchasing advertising traffic	9,853	2,885	4,758
Capitalization of [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Contract fulfillment cost	–	–	6,663
Others	872	605	5,034
Impairment allowance	(22,438)	(24,627)	(40,483)
<b>Total</b>	<b>1,114,108</b>	<b>1,399,852</b>	<b>1,711,324</b>

Our prepayments, other receivables and other assets increased from RMB1,114.1 million as of December 31, 2021 to RMB1,399.9 million as of December 31, 2022, and further increased to RMB1,711.3 million as of December 31, 2023, primarily due to the increase in other receivables in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services. In the online advertisement distribution services, we sometimes make payments to media platforms on

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behalf of advertisers before receiving the payment from these advertisers. Such payments on behalf of advertisers are recognized as other receivables. According to Frost & Sullivan, it is not uncommon to make prepayments on behalf of advertising customers to third-party media platforms in the industry in which we operate, with reference to the publicly disclosed information of the listed companies regarding their online advertisement distribution services as well as interviews with industry experts, and our relatively significant balance of other receivables in relation to prepayments on behalf of advertising customers to third-party media platforms is consistent with the industry norm. According to Frost & Sullivan, the average range of the balance of other receivables in relation to prepayments on behalf of advertisers to third party media platforms to revenue from online advertisement distribution services varied from 50% to 300%, as there is an increasing number of market participants who grant longer credit period to qualified customers with good creditworthiness to better capture the market opportunities.

Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, primarily due to the increase in the amount of advances made to media platforms on behalf of our advertisers along with the increase in the gross billing of online advertisement distribution services. Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,334.2 million as of December 31, 2022 to RMB1,670.0 million as of December 31, 2023, primarily because we extended credit terms for a few of our advertising customers with long credit terms since the second half of 2022. After we provided an extension to the credit terms for these customers, we continued to enter into transactions with them and recorded additional other receivables in relation to prepayments on behalf of advertiser of RMB831.4 million under the extended credit term as of December 31, 2022, accounting for 62.3% of the total balance as of the same date. As of December 31, 2023, the other receivables in relation to prepayments on behalf of advertiser, arising from transactions with such customers under the extended credit term, reached RMB1,335.6 million, accounting for 80.0% of the total balance of other receivables in relation to prepayments on behalf of advertiser as of the same date.

We typically grant a credit term not exceeding 90 days to our advertising customers for online advertisement distribution services. In 2022, it was common for quality advertising customers to seek longer credit terms amid the COVID-19 resurgences and intense market competition, according to Frost & Sullivan. Considering our longstanding relationships with some of our advertising customers, we granted certain grace period (mainly from 90 days to 180 days after invoice date) to such advertising customers in addition to the credit period. For example, the four largest advertising customers in terms of the ending balance amounts of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022 were granted the longer credit terms. Our business relationships with the four advertising customers ranged approximately from three to five years.

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The following table sets forth an aging analysis of our other receivables in relation to prepayment on behalf of advertisers as of the end of each of the years comprising the Track Record Period:

	As of December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
Within 90 days	738,783	69.4	619,678	46.5	840,096	50.3
90 days to 180 days	218,842	20.5	446,009	33.4	414,948	24.9
181 days to 1 year	95,346	8.9	258,588	19.4	390,966	23.4
Over 1 year	12,823	1.2	9,893	0.7	23,990	1.4
<b>Total/Overall</b>	<b><u>1,065,794</u></b>	<b><u>100.0</u></b>	<b><u>1,334,168</u></b>	<b><u>100.0</u></b>	<b><u>1,670,000</u></b>	<b><u>100.0</u></b>

Other receivables in relation to prepayment on behalf of advertisers aged over 90 days increased from RMB327.0 million as of December 31, 2021 to RMB714.5 million as of December 31, 2022, primarily because (i) we continued expanding the business scale of our online advertisement distribution services and (ii) we granted longer credit terms to some of our advertising customers who had good creditworthiness and longstanding relationships with us amid the COVID-19 resurgences and the intense market competition. The balance aged over 90 days and outstanding beyond the applicable credit terms increased from RMB113.4 million as of December 31, 2021 to RMB141.9 million as of December 31, 2022, which decreased as a percentage of total balance aged over 90 days from 34.7% as of December 31, 2021 to 19.9% as of the same date in 2022.

Other receivables in relation to prepayment on behalf of advertisers aged over 90 days increased from RMB714.5 million as of December 31, 2022 to RMB829.9 million as of December 31, 2023, primarily arising from transactions with certain of our advertising customers, who continued to enjoy the long credit terms that we extended for them since the second half of 2022 and kept an ongoing business relationship with us. The balance aged over 90 days and outstanding beyond the applicable credit terms increased from RMB141.9 million as of December 31, 2022 to RMB419.0 million as of December 31, 2023, which increased as a percentage of total balance aged over 90 days from 19.9% as of December 31, 2022 to 50.5% as of December 31, 2023.

As of February 29, 2024, RMB365.8 million, or approximately 87.3% of other receivables in relation to prepayment on behalf of advertisers aged over 90 days that were outstanding beyond applicable credit terms as of December 31, 2023 had been settled. We keep monitoring the collection of overdue receivables. We have agreed upon settlement plans with certain of the advertising customers to settle the outstanding balance within given time. For the rest of the advertising customers, we are in the process of negotiating the settlement plans.

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The ECL consideration of our other receivables is set out in Note 21 to the Accountants’ Report in Appendix I to this document.

As of February 29, 2024, RMB901.8 million, or approximately 54.0% of our other receivables in relation to prepayment on behalf of advertisers as of December 31, 2023 had been settled.

The following table sets forth the turnover days of other receivables in relation to prepayments on behalf of advertisers to third parties for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Other receivables in relation to prepayment on behalf of advertisers – third parties <sup>(1)</sup>	<u>64</u>	<u>75</u>	<u>90</u>

*Note:*

- (1) Turnover days of other receivables in relation to prepayment on behalf of advertisers – third parties equal to the average of the opening and closing other receivables in relation to prepayment on behalf of advertisers – third parties balances for the period divided by gross billings from our online advertisement distribution services for the relevant period, multiplied by the number of days in the relevant period.

Turnover days of other receivables in relation to prepayment on behalf of advertisers to third parties increased from 64 days in 2021 to 75 days in 2022, primarily due to (i) the slowed-down settlement process of our customers, and (ii) the extended credit periods that we granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022. Turnover days of other receivables in relation to prepayment on behalf of advertisers to third parties increased from 75 days in 2022 to 90 days in 2023, primarily because we extended credit terms for a few of our advertising customers with long credit terms since the second half of 2022.

We have assessed the recoverability of other receivables in relation to prepayments on behalf of advertisers to third parties with reference to historical settlement experience, subsequent settlement, further expected settlement plan, business relationship with our advertising customers and their creditworthiness. We conduct impairment analysis based on ECL model on the recoverability of other receivables items, including (i) other receivables in relation to prepayments on behalf of advertisers to third parties, (ii) deposits and (iii) others. To ensure sufficient provision of ECL subjected to other receivables, we consider the historical loss rate and evaluate forward-looking macroeconomic data used in ECL model of other receivables. See Note 21 to the Accountants’ Report included in Appendix I to this document for all the ECL information. As of December 31, 2021, 2022 and 2023, we recorded impairment allowance at RMB22.4 million, RMB24.6 million and RMB40.5 million, respectively. We believe that the risk of not being able to recover other receivables in relation to prepayments on behalf of advertisers to third parties is relatively low primarily because (i) we have

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evaluated the customers' historical credit standings to ensure the credit terms are made to customers with an appropriate credit history, and we perform ongoing credit evaluations of such customers, (ii) we have not had material collection issues with our customers in the past, (iii) we monitor long-aging other receivables closely, update the collection status on a regular basis, and perform an impairment analysis at the end of each quarter within the Track Record Period, (iv) we assign the collection of other receivables to our sales personnel and require them to maintain expeditious and frequent communications with our customers, thus ensuring effective credit control, and (v) we have agreed on, or are in the process of negotiating, settlement plans with our customers for the overdue receivables. In light of the above, we believe that there is no recoverability issue of other receivables in relation to prepayments on behalf of advertisers to third parties, and that sufficient provision has been made.

As of February 29, 2024, RMB920.0 million, or approximately 53.8% of our prepayments, other receivables and other assets as of December 31, 2023 had been settled.

### **Financial Assets at Fair Value through Other Comprehensive Income and Financial Liabilities at FVTPL**

Our bill receivables were measured at fair value through other comprehensive income ("FVTOC") and was categorized as level 3 as of December 31, 2023. The fair value of the bill receivables measured at FVTOC was determined using the discounted cash flow method. Our convertible redeemable preferred shares were measured at FVTPL and recognized as level 3 as of December 31, 2021 and 2022 and 2023. The fair value of the convertible redeemable preferred shares measured at FVTPL was determined using the back-solve method and the discounted cash flow method. Details of the fair value measurement of financial instruments are disclosed in Note 2.4 to the Accountants' Report included in Appendix I to this document.

In relation to the valuation of the financial instruments in level 3, our Directors, based on the professional advice received, adopted the following procedures: (i) engaged independent valuers, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuers on relevant assumptions; (ii) carefully considered all information especially those non-market related information input, such as liquidity discount, which require management assessments and estimates; and (iii) reviewed the valuation working papers and results prepared by the valuers. Based on the above procedures, our Directors are satisfied with the valuation work for financial instruments categorized within level 3 of fair value measurement in the historical financial information for the purpose of the preparation of the Accountants' Report in Appendix I to this document.

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Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs of level 3 measurements are disclosed in Note 36 to the Accountants’ Report included in Appendix I to this document, which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants’ Report on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant’s opinion on the Historical Financial Information of our Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this document.

In relation to the valuation of the financial assets and liabilities categorized within level 3 of the fair value measurement, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) obtaining information on the credentials of the valuer and the background, qualifications and work experience of its core team members; (ii) obtaining and reviewing the valuation reports issued by the valuer and relevant documents prepared by the valuer; (iii) discussing with the Company and the valuer about the key basis and assumptions for the valuation of the relevant financial assets and liabilities; (iv) reviewing relevant notes in the Accountants’ Report in Appendix I to this document; and (v) understanding from the management of the Company and the Reporting Accountant the work they have performed in relation to the valuation of the level 3 financial assets and liabilities. Having considered the work done by the management of the Company and the Reporting Accountant and the relevant due diligence conducted as described above, nothing has come to the Joint Sponsors’ attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on the financial assets and liabilities categorized within level 3 of the fair value measurement.

### **Trade Payables**

We purchase advertising traffic for our customers from media platforms. Our trade payables mainly include the amounts due to media platforms for purchase of the advertising traffic for online advertisement solution services. We generally require prepayment from our new advertising customers, and we grant a credit term not exceeding 90 days to certain advertising customers according to their creditworthiness. We normally enjoy a credit term of up to 28 days granted by the media platforms.

Our trade payables increased from RMB15.6 million as of December 31, 2021 to RMB43.7 million as of December 31, 2022, along with the business expansion of our online advertisement solution services. Our trade payables increased from RMB43.7 million as of December 31, 2022 to RMB51.0 million as of December 31, 2023, primarily due to our increased data procurement along with the expansion of our SaaS business.

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The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
	Amounts	%	Amounts	%	Amount	%
	<i>(RMB in thousands, except in percentages)</i>					
Within 1 year	11,081	71.2	37,183	85.1	45,952	90.2
Over 1 year	4,487	28.8	6,486	14.9	4,998	9.8
<b>Total</b>	<b>15,568</b>	<b>100.0</b>	<b>43,669</b>	<b>100.0</b>	<b>50,950</b>	<b>100.0</b>

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade payables turnover days <sup>(1)</sup>	20	19	33

*Note:*

- (1) Trade payables turnover days equals to the average of the opening and closing trade payable balances for the period, divided by the cost of services for the relevant period, multiplied by the number of days for the respective period.

Our trade payables turnover days remained relatively stable at 20 days and 19 days in 2021 and 2022, respectively. Our trade payables turnover days increased from 19 days in 2022 to 33 days in 2023, primarily due to our favorable payment terms negotiated with suppliers.

As of February 29, 2024, RMB21.9 million, or approximately 42.9% of our trade payables as of December 31, 2023 had been settled.

### Other Payables and Accruals (Current)

Our other payables and accruals primarily comprise (i) cost payable to media platforms on behalf of customers, (ii) advance from advertisers, (iii) payroll and welfare payables, (iv) deferred revenue, and (v) deposits. Cost payable to media platforms on behalf of customers represents the traffic acquisition costs incurred for the online advertisement distribution services for our advertising customers, the amount of which would be transferred by us to the media platforms on behalf of these customers. Advance from advertisers represents the pre-collected payment from advertising customers for our online advertisement distribution services which we pay to the media platforms on behalf of such customers.

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The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Cost payable to media platforms on behalf of customers	62,773	319,790	312,649
Advance from advertisers	78,412	155,121	183,836
Payroll and welfare payables	42,327	41,173	35,441
Deferred revenue	1,595	1,700	3,530
Deposits	4,941	12,494	18,757
Other tax payables	3,068	3,031	4,310
Other payables	15,205	22,162	29,805
Purchase of long-term assets	2,665	9,277	6,253
Accrued [REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<b>Total</b>	<b><u>213,642</u></b>	<b><u>581,544</u></b>	<b><u>612,701</u></b>

Our other payables and accruals increased from RMB213.6 million as of December 31, 2021 to RMB581.5 million as of December 31, 2022, primarily due to (i) an increase in costs payable to media platforms on behalf of customers from RMB62.8 million as of December 31, 2021 to RMB319.8 million as of December 31, 2022, mainly attributable to that we slowed down our settlement process due to COVID-19, and (ii) an increase in advance from advertisers. This was mainly due to the increase in the revenue from customers of online advertisement distribution services which we require advance payments and our slower settlement process with suppliers due to the COVID-19 pandemic.

Our other payables and accruals increased from RMB581.5 million as of December 31, 2022 to RMB612.7 million as of December 31, 2023, primarily due to an increase in advance from advertisers from RMB155.1 million as of December 31, 2022 to RMB183.8 million as of December 31, 2023.

As of February 29, 2024, RMB462.4 million, or approximately 75.5% of our other payables and accruals as of December 31, 2023 had been settled.

### *Cost Payable to Media Platform on Behalf of Customers*

Our costs payable to media platforms on behalf of customers represents the amounts due to media platforms for traffic acquisition under our online advertisement distribution services. Upon engagement with our advertising customers for online advertisement distribution services, we would agree with advertising customers on the traffic acquisition amount and settlement method. Under the agreement with media platforms, we open and operate accounts for our advertising customers. We are responsible for topping up these accounts before placing

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the advertisements as the agent, and usually arrange settlement on a monthly basis upon confirmation with the media platforms of the actual gross spending of traffic acquisition costs. Due to our long-term cooperation with media platforms, we were granted credit periods for certain payments, resulting in cost payable to such media platforms. We generally require prepayment from our new advertising customers, and we grant a credit term not exceeding 90 days to certain advertising customers according to their creditworthiness. The time difference between our settlement with media platforms and advertising customers would result in temporary operating cash outflow.

The following table sets forth the turnover days of other payables and accruals relating to our online advertisement distribution services for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Cost payable to media platforms on behalf of customers turnover days <sup>(1)</sup>	<u>12</u>	<u>13</u>	<u>20</u>

*Note:*

- (1) Cost payable to media platforms on behalf of customers turnover days equal to the average of the opening and closing balances of cost payable to media platforms on behalf of customers for the period, divided by the gross billing cost of our online advertisement distribution services for the relevant period, multiplied by the number of days for the respective period.

Our cost payable to media platforms on behalf of customers turnover days remained relatively stable at 12 days and 13 days in 2021 and 2022, respectively. Our cost payable to media platforms on behalf of customers turnover days increased from 13 days in 2022 to 20 days in 2023, primarily due to the growing amount of cost payable in 2022 as well as our extended payment schedule in 2022 and 2023.

### Contract Liabilities

Our contract liabilities increased from RMB415.1 million as of December 31, 2021 to RMB483.6 million as of December 31, 2022, and further to RMB576.1 million as of December 31, 2023, primarily due to the increase in advance payments from users as a result of the business growth of our SaaS business. We tightened our credit term policy since 2021, which generally requires users to pay upfront before the delivery of SaaS products.

As of February 29, 2024, our contract liabilities of RMB107.4 million, or approximately 18.6%, as of December 31, 2023 had been recognized as revenue.

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### LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, and shareholder equity contribution. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had cash and cash equivalents of RMB215.7 million, RMB203.5 million and RMB138.0 million as of December 31, 2021, 2022 and 2023, respectively. We recorded net current assets as of December 31, 2021 and 2022 and net current liabilities as of December 31, 2023.

### Cash Flow

The following table sets forth our cash flows for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Operating cash flows before movements in working capital	(27,175)	(22,050)	113,003
Movements in working capital	(431,129)	84,506	(235,555)
Interest received	526	1,109	1,048
Income tax (paid)/received	(12,020)	1,241	–
Net cash (used in)/from operating activities	(469,798)	64,806	(121,504)
Net cash used in investing activities	(70,018)	(39,576)	(66,101)
Net cash from/(used in) financing activities	679,229	(40,080)	121,921
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>139,413</b>	<b>(14,850)</b>	<b>(65,684)</b>
Cash and cash equivalents at the beginning of year	76,816	215,658	203,506
Effect of foreign exchange rate changes, net	(571)	2,698	200
<b>Cash and cash equivalents at the end of year</b>	<b>215,658</b>	<b>203,506</b>	<b>138,022</b>

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### *Net Cash Flows (Used in)/from Operating Activities*

Whilst we achieved positive operating cash flow of RMB64.8 million in 2022, we recorded negative operating cash flow of RMB469.8 million in 2021 and negative operating cash flow of RMB121.5 million in 2023, respectively. Our operating cash outflow was primarily due to the fact that the credit terms we typically grant to our precision marketing services customers is relatively longer than the same our media platform suppliers typically grant to us for such business. See “Risk Factors – Risks Related to Our Business and Industry – We have recorded negative operating cash flows in the past, which may continue in the future.” To maintain a robust net operating cash flow, we intend to adopt measures, including (i) to expedite the cycle of recovering trade and bills receivables and other receivables and negotiate with customers for advance payments and (ii) focusing on the growth of our SaaS business.

In 2023, we had net cash used in operating activities of RMB121.5 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB169.4 million by non-cash and other items to arrive at an operating gain before working capital changes of RMB113.0 million. This is adjusted by working capital changes mainly comprising an increase in prepayments, other receivables and other assets of RMB339.5 million, partially offset by (i) an increase in other payables and accruals of RMB36.1 million, and (ii) an increase in contract liabilities of RMB92.6 million.

In 2022, we had net cash generated from our operating activities of RMB64.8 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB216.5 million by non-cash and other items to arrive at an operating loss before working capital changes of RMB22.1 million. This is adjusted by working capital changes mainly comprising (i) an increase in other payables and accruals of RMB363.5 million, (ii) an increase in contract liabilities of RMB68.5 million, and (iii) an increase in trade payables of RMB28.1 million, partially offset by (i) an increase in prepayments, other receivables and other assets of RMB298.1 million and (ii) an increase in trade and bills receivables of RMB75.4 million.

In 2021, we had net cash used in our operating activities of RMB469.8 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB265.1 million by non-cash and other items to arrive at an operating loss before working capital changes of RMB27.2 million, further adjusted by working capital changes mainly comprising (i) an increase in prepayments, other receivables and other assets of RMB519.7 million, which was mainly attributable to (a) an increase in the amount of advances made to media platforms on behalf of our advertisers as we expanded the business scale of our online advertisement distribution services under precision marketing services and (b) our strategic policy to allow longer credit period to certain long term customers with good creditworthiness, (ii) a decrease in other payables and accruals of RMB91.7 million, and (iii) an increase in trade and bills receivables of RMB56.2 million, which was mainly attributable to (a) an increase in revenue from online advertisement distribution services and (b) the larger amount of payments being made by bank acceptance bills from certain of our customers with good creditworthiness, partially offset by an increase in contract liabilities of RMB233.8 million.

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### *Net Cash Flows Used in Investing Activities*

Our cash used in investing activities represents purchases of items of property, plant and equipment, which mainly related to the servers. Our net cash used in investing activities amounted to RMB70.0 million, RMB39.6 million and RMB66.1 million in 2021, 2022 and 2023, respectively.

### *Net Cash Flows from/(Used in) Financing Activities*

In 2023, our net cash generated from financing activities was RMB121.9 million, primarily due to proceeds from interest-bearing bank and other borrowings of RMB1,019.0 million, partially offset by repayment of interest-bearing bank borrowings of RMB800.0 million.

In 2022, our net cash used in financing activities was RMB40.1 million, primarily due to (i) repayment of interest-bearing bank borrowings of RMB496.6 million, and (ii) lease payments of RMB45.3 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB516.9 million.

In 2021, our net cash generated from financing activities was RMB679.2 million, primarily due to (i) proceeds from interest bearing bank and other borrowings of RMB601.8 million, and (ii) proceeds from issue of preferred shares of RMB524.7 million, partially offset by repayment of interest-bearing bank borrowings of RMB276.4 million.

## INDEBTEDNESS AND CONTINGENT LIABILITIES

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	January 31, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
<b>Current</b>				
Borrowings	507,432	412,878	619,812	676,228
Lease liabilities	43,248	71,358	54,304	47,758
Convertible redeemable preferred shares	–	–	1,223,789	–
<b>Non-current</b>				
Convertible redeemable preferred shares	942,483	1,096,475	–	1,223,789
Lease liabilities	126,277	136,597	89,643	84,168
<b>Total</b>	<b><u>1,619,440</u></b>	<b><u>1,717,308</u></b>	<b><u>1,987,548</u></b>	<b><u>2,031,943</u></b>

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### Borrowings

The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	January 31, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Bank loans – secured	372,316	349,817	529,032	584,828
Bank loans – unsecured	20,000	–	–	–
Discounted bills	115,116	12,650	–	–
Other borrowing – secured	–	50,411	90,780	91,400
<b>Total</b>	<b><u>507,432</u></b>	<b><u>412,878</u></b>	<b><u>619,812</u></b>	<b><u>676,228</u></b>

As of December 31, 2021, 2022 and 2023, we had total borrowings of RMB507.4 million, RMB412.9 million and RMB619.8 million, respectively. Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion during the Track Record Period. Our secured bank loans were primarily guaranteed by certain related parties. As of the Latest Practicable Date, there were no subsisting guarantees provided by our Controlling Shareholders and/or their respective close associates. For more details, see “Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Financial Independence.” For guarantees given by Mr. LIU Huan and/or his associates, we do not plan to discharge them. See “Connected Transactions – Fully Exempt Continuing Connected Transaction.” And the remaining guarantees are intra-group guarantees, which we do not plan to discharge. Our other loans mainly included unsecured bank loans and discounted bills. See Note 26 to the Accountants’ Report in Appendix I to this document.

As of January 31, 2024, we had unutilized banking facilities of RMB0.5 million. The effective interest rates per annum of our bank borrowings were 2.6-5.4%, 1.3-5.2% and 1.8-5.2% in 2021, 2022 and 2023, respectively.

### Convertible Redeemable Preferred Shares

As of December 31, 2021, 2022 and 2023, the convertible redeemable preferred shares had fair values of RMB942.5 million, RMB1,096.5 million and RMB1,223.8 million, respectively. For further information regarding these convertible redeemable preferred shares, see Note 28 to the Accountants’ Report in Appendix I to this document.

As of January 31, 2024, our convertible redeemable preferred shares had fair value of RMB1,223.8 million.

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## FINANCIAL INFORMATION

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### Lease Liabilities

We recognized lease liabilities of RMB169.5 million, RMB208.0 million and RMB143.9 million as of December 31, 2021, 2022 and 2023, respectively, primarily attributable to the increased lease expenses resulting from our business expansion. Our lease liabilities decreased from RMB208.0 million as of December 31, 2022 to RMB143.9 million as of December 31, 2023, primarily due to the lease payments that we made over the year.

As of January 31, 2024, our lease liabilities amounted to RMB131.9 million.

### Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2021, 2022 and 2023, respectively.

### Indebtedness Statement

Except as disclosed above, during the Track Record Period and up to January 31, 2024, being the indebtedness date for the purpose of the indebtedness statement, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Revenue growth (%)	66.2	30.3	7.8
<i>SaaS business (%)</i>	94.8	20.8	32.6
<i>Precision marketing services (%)</i>	44.9	39.7	(13.6)
Gross margin (%)	54.5	49.0	57.3
<i>SaaS business (%)</i>	90.1	89.2	87.7
<i>Precision marketing services (%)</i>	18.9	14.3	17.0

See “– Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective years.

### CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of (i) property, plant and equipment, and (ii) intangible assets.

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## FINANCIAL INFORMATION

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The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Property, plant and equipment	69,429	39,048	15,676
Intangible assets	589	693	939
<b>Total</b>	<b>70,018</b>	<b>39,741</b>	<b>16,615</b>

During the Track Record Period, our capital expenditures increased, primarily driven by the growth of our business expansion. We funded these expenditures mainly with cash generated from our operations and financing activities.

### CONTRACTUAL OBLIGATIONS

#### Capital Commitments

As of December 31, 2021, 2022 and 2023, we did not have any material capital commitments.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

We received certain loans from Mr. Liu Huan, a senior management of our Group, which amounted to RMB8.0 million, RMB35.5 million and nil as of December 31, 2021, 2022 and 2023, respectively. Such loans were non-trade in nature for our general corporate use, as our settlement with media platforms and advertising customers may temporarily give rise to our liquidity needs within short time frame. Such loans were all fully repaid within the same year. See Note 34 to the Accountants' Report in Appendix I to this document. We maintain bank accounts independently, and we expect that our working capital would be sufficiently funded by cash flows generated from operating activities, bank loans as well as the proceeds from the [REDACTED].

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## FINANCIAL INFORMATION

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### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

### FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, mainly foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

#### Foreign Currency Risk

Our Group mainly operates in Mainland China and Hong Kong with most of our monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. Our Group has not used any derivative to hedge its exposure to foreign currency risk. For details, see Note 37 to the Accountants’ Report in Appendix I to this document.

We recorded exchange differences on translation of foreign operations of RMB9.4 million in 2023, which represented the exchange differences on translation of the financial statements of our subsidiaries. The functional currency of our certain overseas subsidiaries is USD. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the exchange rates that approximate the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. The exchange differences on translation of foreign operations of RMB9.4 million in 2023 was primarily due to the fluctuation of exchange rates between USD and RMB.

#### Credit Risk

Our Group trades only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our Group’s exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, our Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of our Group’s financial assets, which comprise cash and cash equivalents, restricted cash, trade and bills receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For further details of the management objectives and policies in relation to credit risks, see Note 37 to the Accountants’ Report in Appendix I to this document.

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## FINANCIAL INFORMATION

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### Liquidity Risk

Liquidity risk is the risk that our Group will encounter difficulty in meeting financial obligations due to shortage of funds. Our Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

Our Group's objective is to maintain a balance between continuity of funding and flexibility. Our Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

For the maturity profile of our financial liabilities as at the end of each period during the Track Record Period, see Note 37 to the Accountants' Report in Appendix I to this document.

### DIVIDENDS

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders. Our Company may declare and pay a dividend out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries, including the ones in the PRC. According to PRC law and regulations, we may not pay dividends unless we have distributable profits in a given year as determined under PRC GAAP or IFRS. PRC laws also require foreign-invested enterprises incorporated in PRC to set aside at least 10% of their after-tax profits, if any, to fund certain statutory reserves, until the statutory reserves reach and remain at or above 50% of the relevant PRC entity's registered capital, which are not available for distribution as cash dividends. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate.

During the Track Record Period, we have not declared or paid any dividends. Currently, we do not have a fixed dividend distribution ratio.

### WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

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## FINANCIAL INFORMATION

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### DISTRIBUTABLE RESERVES

As of December 31, 2023, we did not have any distributable reserves.

### [REDACTED] EXPENSES

[REDACTED] expenses include professional fees, [REDACTED] commission, and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), which consist of (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million, including (a) fees and expenses of legal advisers and accountants of approximately HK\$[REDACTED] million, and (b) other fees and expenses of approximately HK\$[REDACTED] million. Approximately HK\$[REDACTED] million of the [REDACTED] expenses is directly attributable to the [REDACTED] of our Shares to the public and is expected to be recognized directly as a deduction from equity upon the [REDACTED], approximately HK\$[REDACTED] million of the [REDACTED] expenses has been expensed during the Track Record Period, and the remaining amount of approximately HK\$[REDACTED] million of the [REDACTED] expenses is expected to be expensed prior to the [REDACTED].

### UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this document for details.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2023, being the end date of the periods reported in the Accountants' Report set out in Appendix I to this document, and there has been no event since December 31, 2023 and up to the date of this document that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## FUTURE PLANS AND USE OF [REDACTED]

### FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

### USE OF [REDACTED]

Assuming an [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. If the net [REDACTED] are insufficient, we plan to use our own funds or available bank lines to fill the finance blanks, or extend the implementation timeline. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% or HK\$[REDACTED] million, for enhancing our Marketingforce platform and cloud-based offerings over the next three years, with the detailed breakdown of the [REDACTED] to be allocated as follows:
  - i. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to recruit and cultivate IT experts, technical architects, software developers, product managers and testers, who will improve the performance and user experience of our cloud-based products and services, and expand our product and service offerings. The table below sets forth our recruitment plan over the next three years:

Position	Number of recruits	Estimated average salary per annum (RMB in thousands)			Qualification
		2024	2025	2026	
IT experts	5	304	319	335	Bachelor degree or above in computer science, with five years or above experience in software development/design/testing.
Technical architects	5	320	336	353	
Software developers	31	300	315	331	
Product managers	5	300	315	331	
Testers	6	280	294	309	
<b>Total</b>	<b>52</b>				

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## FUTURE PLANS AND USE OF [REDACTED]

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We plan to further invest in our SaaS business by improving the Marketingforce platform and enhancing the overall competitiveness of our SaaS products, which are expected to help improve the average spending per user and drive our revenue growth as well as gross profit margin. New tools and features mainly include:

*Marketingforce platform.* We endeavor to consolidate the Marketingforce platform's leadership in terms of functional module capabilities. In this regard, we plan to iterate the existing functional modules and develop more modules to meet the ever-changing and diversified marketing and sales needs of users and provide more support for marketing and sales activities.

*Marketing and sales SaaS.* We expect to continuously upgrade and iterate our signature marketing and sales SaaS products, including T Cloud and True Client, by (i) introducing new versions integrated with innovative functional modules to meet the evolving customer needs, and (ii) launching industry editions with selective modules that are further tailored to address the industry-specific scenarios.

*Data and analytics products focusing on marketing and sales activities.* We also expect to launch more signature SaaS products. For example, we plan to launch data analytics products specialized in data and analytics that facilitate all key stages of user's marketing and sales operations and guide their business decisions, with functions including data collection, data cleaning, data analysis, data label construction, data prediction and data-empowered decision making.

- ii. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to procure efficient cloud computing services, devices, servers and network security infrastructure for improving our data storage and real-time computing capability to support our cloud-based offerings.

<b>Hardware equipment/infrastructure</b>	<b>Procurement</b>	<b>Estimated total cost</b>	<b>Service life</b>
		<i>(RMB in millions)</i>	
<b>SaaS infrastructure</b>			
Servers	19	9.5	5 years
IDC bandwidth	Based on annual demands	9.0	–

## FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to improve our underlying technologies including AI, big data analysis and cloud computing over the next three years. We believe that the investment in R&D activities will improve our product capabilities, diversify solutions and lead to an increase in average contract value per user, driving the revenue growth from our SaaS business.
- i. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to recruit and cultivate top-notch professionals, such as IT experts, platform architects, big data engineers, algorithm engineers, product managers and testing engineers. The table below sets forth our recruitment plan over the next three years:

Position	Number of recruits	Estimated average salary per annum (RMB in thousands)			Qualification
		2024	2025	2026	
IT experts	7	360	378	397	Bachelor degree or above in computer science, with five years or above experience in software development/design/testing.
Platform architects	6	315	331	347	
Big data engineers	28	340	357	375	
Algorithm engineers	11	360	378	397	
Project managers	5	340	357	375	
Testing managers	11	320	336	353	
<b>Total</b>	<b>68</b>				

Specifically, we plan to enhance our technologies in the following areas:

*AI technology.* We plan to continuously enhance NLP, computer vision and deep learning technologies. For example, we plan to develop AI algorithms to automate image and video generation for more complex scenarios, with a focus on improving our multimodal information fusion video technology. We also plan to improve our conversational AI capabilities for natural language inference and human-machine conversation;

*Big data technology.* We plan to enhance our analytical capabilities in intelligent marketing, traffic purchase and user growth management, and optimize our algorithm models. We expect to continue to build the upstream and downstream data system of enterprise knowledge graph, to provide accurate sales leads conversion prediction services for users to acquire potential customers;

*Cloud computing.* We plan to enhance our cloud computing capabilities in IaaS, PaaS and SaaS layers, and improve the compatibility and effectiveness of our solutions. For example, we plan to further enhance our PaaS capabilities in modularization, which enable us to quickly respond to customers and reduce our operational costs. We also expect to develop more flexible and configurable modules and function design capabilities in a low-code manner.

## FUTURE PLANS AND USE OF [REDACTED]

- ii. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to upgrade our hardware infrastructure. We plan to procure advanced servers and devices to upgrade Internet data centers, big data clusters and computing nodes, thus increasing the total computing capacity and supporting the development of more advanced technologies. The table below sets forth our procurement plan of hardware infrastructure over the next three years:

Hardware equipment/infrastructure	Procurement	Estimated total cost (RMB in millions)	Service life
<b>Underlying technology infrastructure</b>			
Network equipment	47	2.4	5 years
Firewall	10	4.0	5 years
Situational awareness equipment	7	7.9	5 years
Security service	Based on annual demands	13.5	–

- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to expand our sales network over the next three years, enhance customer success system and improve brand presence:
  - i. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to continuously expand our direct sales team.

Our direct sales is at the core of our sales system, dedicated to upholding our customer-centric tenet through relentlessly exploring and addressing the needs of our customers. During the Track Record Period, our direct sales team contributed to 90.1%, 91.2% and 93.0% of the SaaS product revenue in 2021, 2022 and 2023, respectively. The number of our direct sales staff fluctuated during the Track Record Period, due to the adverse impact of the COVID-19 pandemic and related restrictions. Despite this, we maintained a reasonable size of sales team and raised compensation levels. These efforts promoted a gradual increase in the total number of users for our SaaS business. As of December 31, 2023, our direct sales team consisted of 844 members, with direct sales offices located in 23 cities to pursue and serve local customers. We believe that expanding the recruitment of high-quality sales staff and continuously improving the professional level of our direct sales staff will further enhance customer value.

## FUTURE PLANS AND USE OF [REDACTED]

We expect to strengthen our sales network to help further increase market penetration and expand existing customer base of our marketing and sales SaaS products in China market, as well as expanding our footprints in China to cover more cities, driving the revenue growth of our SaaS products. Currently, we have direct sales teams in major cities in China, such as Shanghai, Wuxi, Shenzhen, Guangzhou and Chengdu, covering the Yangtze River Delta, the Pearl River Delta, southeast region and other regions with great economy development potentials. We plan to primarily enhance the sales force within the existing geographic scope, further improving the sales performance and customer coverage of each sales office. We also plan to enter into major cities in new geographical markets, such as Fuzhou, Nanchang or Chongqing, for our marketing and sales SaaS business. We expect to have 31 sales offices covering 24 cities by 2026. The table below sets forth our recruitment plan for sales personnel over the next three years:

Geographical location	Number of recruits	Estimated average salary per annum (RMB in thousands)	Qualification
The Yangtze River Delta	314		
The Pearl River Delta	131	60-110	Bachelor degree; relevant sales experienced will be preferred.
Southeast region	35	depending on	
Southwest region	19	seniority	
Central China	23		

- ii. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to continuously improve our customer success system. We plan to increase investment in our customer success system, expand our customer success team and carry out internal trainings. We aim to help users better understand and utilize our products, thereby continuously improving customer satisfaction and retention rates. We expect to build a customer relationship assessment system to closely follow-up with our users over their full lifecycle of marketing and sales activities. The table below sets forth our recruitment plan over the next three years:

Position	Number of recruits	Estimated average salary per annum (RMB in thousands)	Qualification
Customer success personnel	48	80-150	Bachelor degrees; experience of two years or above in enterprise service

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## FUTURE PLANS AND USE OF [REDACTED]

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- iii. Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to further improve our brand influence. We expect to (a) continuously produce and publish marketing contents in various digital media platforms, promoting our Company as well as our product and service offerings; and (b) hold professional forums and seminars to further build our brand.
- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to achieve strategic investment and acquisition to enhance our Marketingforce platform over the next three years, enrich our product matrix and improve existing product functions, with an aim to increase penetration of our target customers in industry verticals with rapid digital transformation and to optimize our customer structure. Our potential investment or acquisition targets primarily include (a) companies with SaaS products and modules that could be complementary to our offerings; (b) companies with cutting-edge AI or big data technologies in digital marketing and sales field; and (c) companies in digitalized marketing and sales industry with extensive customer base in specific industry verticals with strong digital transformation needs, such as automotive and financial services. We plan to invest in companies located in geographical areas such as Beijing, Shanghai, Guangzhou, Shenzhen, and Hangzhou where there are sufficient senior IT talents, and we intend to further penetrate the local market. We mainly look for companies with annual revenue between RMB20 million and RMB100 million that are already profitable or can be profitable in the short to medium term. As of the Latest Practicable Date, we had not identified or pursued any strategic investment or acquisition target, and had not set any definitive investment or acquisition timeframe. We believe there is a sufficient number of acquisition and investment targets to choose from. According to Frost & Sullivan, approximately 600 potential targets in the marketing and sales industry meet our criteria, including nature of business, geographic region and operation scale.

As a result of our investment and acquisition plans, in the short term, we may have increased cash used in investing activities and increased goodwill. We believe such impact will be absorbed by our business growth, as such plans will allow us to strengthen our technical capabilities, broaden our product and service offerings, and attract new industries customers.

- Approximately [REDACTED]% or HK\$[REDACTED] million will be allocated to working capital and general corporate purposes.

If the [REDACTED] is set at the high-end of the [REDACTED] range or the low-end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million and HK\$[REDACTED] million, respectively. To the extent our net [REDACTED] from the [REDACTED] are either more or less than expected, we will increase or decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis.

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## FUTURE PLANS AND USE OF [REDACTED]

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If the [REDACTED] is fully exercised, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] Shares to be allotted and issued upon the full exercise of the [REDACTED] based on the [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] fees and commissions payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on a pro-rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance.

**[REDACTED]**

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**[REDACTED]**

## STRUCTURE OF THE [REDACTED]

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[REDACTED]

## STRUCTURE OF THE [REDACTED]

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[REDACTED]

## STRUCTURE OF THE [REDACTED]

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[REDACTED]

## **STRUCTURE OF THE [REDACTED]**

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[REDACTED]

## STRUCTURE OF THE [REDACTED]

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[REDACTED]

## HOW TO APPLY FOR [REDACTED]

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[REDACTED]

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## APPENDIX I

## ACCOUNTANTS’ REPORT

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*[To insert the firm’s letterhead]*

### **ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MARKETINGFORCE MANAGEMENT LTD AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED**

#### **Introduction**

We report on the historical financial information of Marketingforce Management Ltd (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[79], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[79] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of the [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

#### **Directors’ responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### **Reporting accountants’ responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance

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**APPENDIX I****ACCOUNTANTS' REPORT**

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with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023 and the Company as at 31 December 2021, 2022 and 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*****Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

***Dividends***

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

***No historical financial statements for the Company***

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

[●]

*Certified Public Accountants*

Hong Kong

[REDACTED]

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**APPENDIX I****ACCOUNTANTS’ REPORT**

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**I. HISTORICAL FINANCIAL INFORMATION****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

**APPENDIX I**

**ACCOUNTANTS' REPORT**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	877,231	1,142,776	1,232,120
Cost of services		<u>(399,424)</u>	<u>(582,738)</u>	<u>(525,938)</u>
GROSS PROFIT		477,807	560,038	706,182
Other income and gains	6	39,776	47,702	39,904
Selling and distribution expenses		(284,158)	(314,995)	(326,798)
Administrative expenses		(172,032)	(188,931)	(203,892)
Research and development expenses		(160,588)	(224,621)	(210,037)
Fair value changes of convertible redeemable preferred shares	27	(122,237)	(61,069)	(107,815)
Other expenses	9	(1,998)	(125)	(585)
Impairment for financial assets		(15,191)	(6,496)	(31,143)
Finance costs	8	<u>(26,481)</u>	<u>(27,990)</u>	<u>(35,239)</u>
LOSS BEFORE TAX	7	<u>(265,102)</u>	<u>(216,487)</u>	<u>(169,423)</u>
Income tax expense	12	<u>(7,487)</u>	<u>32</u>	<u>(55)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted (RMB)	14	<u>(18.16)</u>	<u>(12.88)</u>	<u>(10.08)</u>

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**ACCOUNTANTS' REPORT**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Year ended 31 December</b>		
	<i>Note</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR		<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods				
– Change in fair value of financial assets at fair value through other comprehensive income	22	–	(21)	13
– Exchange differences on translation of foreign operations		(174)	(43,541)	(9,381)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods				
– Exchange differences on translation of the Company		<u>5,356</u>	<u>(45,568)</u>	<u>(10,334)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>5,182</u>	<u>(89,130)</u>	<u>(19,702)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(267,407)</u>	<u>(305,585)</u>	<u>(189,180)</u>

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Notes	As at 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	110,109	121,422	93,353
Right-of-use assets	16	155,414	172,663	115,316
Intangible assets	17	5,092	3,761	2,884
Prepayments, other receivables and other assets	21	7,995	14,994	17,459
Deferred tax assets	19	23	55	–
Contract acquisition costs	5	364	1,108	1,390
Total non-current assets		<u>278,997</u>	<u>314,003</u>	<u>230,402</u>
<b>CURRENT ASSETS</b>				
Trade and bills receivables	20	174,218	130,886	112,663
Contract acquisition costs	5	19,790	14,314	38,406
Prepayments, other receivables and other assets	21	1,114,108	1,399,852	1,711,324
Financial assets at fair value through other comprehensive income	22	–	2,055	1,602
Tax recoverable		8,306	2,707	–
Restricted cash	23	–	9,109	20,481
Short-term bank deposits	23	–	–	50,000
Cash and cash equivalents	23	215,658	203,506	138,022
Total current assets		<u>1,532,080</u>	<u>1,762,429</u>	<u>2,072,498</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	24	15,568	43,669	50,950
Other payables and accruals	25	213,642	581,544	612,701
Interest-bearing bank and other borrowings	26	507,432	412,878	619,812
Lease liabilities	16	43,248	71,358	54,304
Contract liabilities	5	357,793	418,848	509,788
Tax payable		4,358	7	7
Convertible redeemable preferred shares	27	–	–	1,223,789
Other current liabilities	28	24,231	28,656	32,894
Total current liabilities		<u>1,166,272</u>	<u>1,556,960</u>	<u>3,104,245</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>365,808</u>	<u>205,469</u>	<u>(1,031,747)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>644,805</u>	<u>519,472</u>	<u>(801,345)</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	16	126,277	136,597	89,643
Other payables and accruals	25	1,428	1,575	3,370
Contract liabilities	5	57,296	64,718	66,337
Convertible redeemable preferred shares	27	942,483	1,096,475	–
Deferred tax liabilities	19	7	–	–
Total non-current liabilities		<u>1,127,491</u>	<u>1,299,365</u>	<u>159,350</u>
Net liabilities		<u>(482,686)</u>	<u>(779,893)</u>	<u>(960,695)</u>
<b>EQUITY</b>				
Equity attributable to owners of the Company				
Share capital	29	1	1	1
Other reserves	30	(482,687)	(779,894)	(960,696)
Deficiency in assets		<u>(482,686)</u>	<u>(779,893)</u>	<u>(960,695)</u>

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**ACCOUNTANTS' REPORT**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Notes	Attributable to owners of the Company						Total equity
		Share capital	Capital reserve*	Share-based payment reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021		-	27,600	21,992	5,076	(357)	(27,594)	26,717
Loss for the year		-	-	-	-	-	(272,589)	(272,589)
Other comprehensive loss for the year:								
- Exchange differences on translation		-	-	-	-	5,182	-	5,182
Total comprehensive loss for the year		-	-	-	-	5,182	(272,589)	(267,407)
Equity-settled share option arrangements	31	-	-	7,952	-	-	-	7,952
Issue of shares	29	1	-	-	-	-	-	1
Transfer to convertible redeemable preferred shares***	27	-	(249,949)	-	-	-	-	(249,949)
Transfer to statutory reserve**		-	-	-	137	-	(137)	-
As at 31 December 2021		<u>1</u>	<u>(222,349)</u>	<u>29,944</u>	<u>5,213</u>	<u>4,825</u>	<u>(300,320)</u>	<u>(482,686)</u>

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	Notes	Attributable to owners of the Company							Total equity
		Share capital	Capital reserve*	Share-based payment reserve*	Fair value reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021									
and 1 January 2022		1	(222,349)	29,944	-	5,213	4,825	(300,320)	(482,686)
Loss for the year		-	-	-	-	-	-	(216,455)	(216,455)
Other comprehensive loss for the year:									
- Change in fair value of financial assets at fair value through other comprehensive income	22	-	-	-	(21)	-	-	-	(21)
- Exchange differences on translation		-	-	-	-	-	(89,109)	-	(89,109)
Total comprehensive loss for the year		-	-	-	(21)	-	(89,109)	(216,455)	(305,585)
Equity-settled share option arrangements	31	-	-	8,378	-	-	-	-	8,378
As at 31 December 2022		<u>1</u>	<u>(222,349)</u>	<u>38,322</u>	<u>(21)</u>	<u>5,213</u>	<u>(84,284)</u>	<u>(516,775)</u>	<u>(779,893)</u>

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Notes	Attributable to owners of the Company							
	Share capital	Capital reserve*	Share-based payment reserve*	Fair value reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023	1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)
Loss for the year	-	-	-	-	-	-	(169,478)	(169,478)
Other comprehensive loss for the year:								
- Change in fair value of financial assets at fair value through other comprehensive income	22	-	-	13	-	-	-	13
- Exchange differences on translation		-	-	-	-	(19,715)	-	(19,715)
Total comprehensive loss for the year		-	-	13	-	(19,715)	(169,478)	(189,180)
Equity-settled share option arrangements	31	-	8,378	-	-	-	-	8,378
Transfer to statutory reserve**		-	-	-	4,345	-	(4,345)	-
As at 31 December 2023	<u>1</u>	<u>(222,349)</u>	<u>46,700</u>	<u>(8)</u>	<u>9,558</u>	<u>(103,999)</u>	<u>(690,598)</u>	<u>(960,695)</u>

\* These reserve accounts comprise the consolidated reserves of RMB(482,687,000), RMB(779,894,000) and RMB(960,696,000) in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, respectively.

\*\* In accordance with the Articles of Association of all subsidiaries established in the People’s Republic of China (the “PRC”), these subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional registered capital of the subsidiaries.

\*\*\* Amount represents the difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares upon the replacement of redeemable preferred capital by Series A Preferred Shares, and the difference between the carrying amount of ordinary shares and the fair value of Series B Preferred Shares upon the redesignation of the ordinary shares to Series B Preferred Shares. Details of the replacement of redeemable preferred capital and the redesignation of ordinary shares are set out in notes 27 and 29, respectively, to the Historical Financial Information.

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**ACCOUNTANTS' REPORT**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<i>Notes</i>	<b>Year ended 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(265,102)	(216,487)	(169,423)
Adjustments for:				
Depreciation of items of property, plant and equipment	15	26,715	36,865	41,093
Amortization of intangible assets	17	2,666	1,760	1,800
Depreciation of right-of-use assets	16	35,670	54,042	55,914
Recognition of equity-settled share-based payments	31	7,952	8,378	8,378
Losses on disposal of items of property, plant and equipment	9	132	125	30
Gains on disposal of right-of-use assets and lease liabilities	6	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	6	–	–	(281)
Impairment for financial assets	7	15,191	6,496	31,143
Fair value changes of convertible redeemable preferred shares	27	122,237	61,069	107,815
Finance costs	8	26,481	27,990	35,239
Bank interest income	6	(526)	(1,109)	(1,048)
Net foreign exchange losses/(gains)	6&9	1,422	(971)	60
Write-off of tax recoverable		–	–	2,707
Increase in restricted cash		–	(9,109)	(11,372)
Increase in trade and bills receivables		(56,156)	(75,442)	(896)
Increase in prepayments, other receivables and other assets		(519,737)	(298,125)	(339,512)
Decrease/(increase) in contract acquisition costs		365	4,732	(24,374)
(Decrease)/increase in trade payables		(12,403)	28,100	7,281
(Decrease)/increase in other payables and accruals		(91,653)	363,524	36,055
(Increase)/decrease in financial assets at fair value through other comprehensive income		–	(2,076)	466
Increase in contract liabilities		233,834	68,477	92,559
Increase in other current liabilities		14,621	4,425	4,238
		<u>(458,304)</u>	<u>62,456</u>	<u>(122,552)</u>
Cash (used in)/generated from operations				
Interest received		526	1,109	1,048
Income tax (paid)/returned		(12,020)	1,241	–
		<u>(469,798)</u>	<u>64,806</u>	<u>(121,504)</u>
Net cash flows (used in)/from operating activities				

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**ACCOUNTANTS' REPORT**

	Notes	Year ended 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Disposal of property, plant and equipment		–	165	514
Purchase of intangible assets		(589)	(693)	(939)
Purchases of items of property, plant and equipment		(69,429)	(39,048)	(15,676)
Placement of short-term bank deposits		–	–	(50,000)
Net cash flows used in investing activities		<u>(70,018)</u>	<u>(39,576)</u>	<u>(66,101)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Lease payments	32	(31,533)	(45,317)	(73,220)
Borrowings from related parties	34	8,000	35,500	–
Repayment of borrowings from related parties	34	(8,000)	(35,500)	–
Proceeds from interest-bearing bank and other borrowings		601,816	516,850	1,019,000
Repayment of interest-bearing bank borrowings		(276,360)	(496,600)	(800,000)
Interest paid		(10,866)	(15,013)	(23,305)
Payments of [REDACTED] expense		–	–	[REDACTED]
Proceeds from issue of preferred shares	27	524,732	–	–
Repayment of redeemable preferred capital	32	<u>(128,560)</u>	<u>–</u>	<u>–</u>
Net cash flows from/(used in) financing activities		<u>679,229</u>	<u>(40,080)</u>	<u>121,921</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		139,413	(14,850)	(65,684)
Cash and cash equivalents at beginning of year		76,816	215,658	203,506
Effect of foreign exchange rate changes, net		<u>(571)</u>	<u>2,698</u>	<u>200</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>215,658</u></u>	<u><u>203,506</u></u>	<u><u>138,022</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	23	215,658	212,615	208,503
Less: Short-term bank deposits	23	–	–	(50,000)
Less: Restricted cash	23	<u>–</u>	<u>(9,109)</u>	<u>(20,481)</u>
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	23	<u><u>215,658</u></u>	<u><u>203,506</u></u>	<u><u>138,022</u></u>

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**ACCOUNTANTS' REPORT**

**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

	<i>Notes</i>	<b>As at 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>				
Investments in subsidiaries	18	516,094	567,873	577,502
Total non-current assets		516,094	567,873	577,502
<b>CURRENT ASSETS</b>				
Prepayments, other receivables and other assets	21	31,249	41,641	47,844
Cash and cash equivalents	23	3,983	70	257
Total current assets		35,232	41,711	48,101
<b>CURRENT LIABILITIES</b>				
Other payables and accruals	25	2,656	17,834	42,478
Convertible redeemable preferred shares	27	–	–	1,223,789
Total current liabilities		2,656	17,834	1,266,267
NET CURRENT ASSETS/(LIABILITIES)		32,576	23,877	(1,218,166)
TOTAL ASSETS LESS CURRENT LIABILITIES		548,670	591,750	(640,664)
<b>NON-CURRENT LIABILITIES</b>				
Convertible redeemable preferred shares	27	942,483	1,096,475	–
Total non-current liabilities		942,483	1,096,475	–
NET LIABILITIES		(393,813)	(504,725)	(640,664)
<b>EQUITY</b>				
Share capital	29	1	1	1
Reserves	30	(393,814)	(504,726)	(640,665)
DEFICIENCY IN ASSETS		(393,813)	(504,725)	(640,664)

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## ACCOUNTANTS’ REPORT

### II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 23 February 2021. The registered office address of the Company is Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the business of SaaS business, which provides cloud-based sales service, and precision marketing services, which provides marketing solutions in the PRC.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the section headed “History, Reorganization and Corporate Development” in the Document.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, except for Shanghai Trueland, which is a company limited by shares, (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Marketingforce (HongKong) Ltd. (“Marketingforce HongKong”)	<i>f</i>	Hong Kong 17 March 2021	HKD1	100%	–	Investment holding
American Kaililong International Holding (H.K.) Ltd. (“American Kaililong”)	<i>b</i>	Hong Kong 26 March 2009	HKD10,000	100%	–	Marketing and sales services
邁富時網絡技術(上海)有限公司 Marketingforce Network Technology (Shanghai) Co., Ltd. (“Marketingforce Network Technology”)	<i>a</i>	PRC/Mainland China 20 April 2021	USD100,000,000	–	100%	Investment holding
珍島信息技術(上海)股份有限公司 Trueland Information Technology (Shanghai) Co., Ltd. (“Shanghai Trueland”)	<i>a</i>	PRC/Mainland China 25 September 2009	RMB27,600,000	–	100%	Marketing and sales services
無錫珍島數字生態服務平台技術有限公司 Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. (“Wuxi Trueland”)	<i>c</i>	PRC/Mainland China 20 May 2014	RMB10,000,000	–	100%	Marketing and sales services
無錫珍島智能技術有限公司 Wuxi Trueland Intelligence Technology Co., Ltd. (“Wuxi Trueland Intelligence”)	<i>c</i>	PRC/Mainland China 18 October 2019	RMB10,000,000	–	100%	Marketing and sales services
上海珍島智能技術集團有限公司 Shanghai Trueland Intelligence Technology Group Co., Ltd. (“Shanghai Trueland Intelligence”)	<i>e</i>	PRC/Mainland China 28 May 2020	RMB100,000,000	–	100%	Marketing and sales services

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Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
上海珍島網絡科技有限公司 Shanghai Trueland Network Science & Technology Co., Ltd. (“Shanghai Trueland Network”)	a	PRC/Mainland China 28 December 2015	RMB50,000,000	–	100%	Marketing and sales services
珍島數字科技(上海)有限公司 Trueland Digital Technology (Shanghai) Co., Ltd. (“Trueland Digital”) (曾用名:上海珍島雲計算科技有限公司) (Former Name: Shanghai Trueland Cloud Computing Technology Co., Ltd.)	a	PRC/Mainland China 28 December 2015	RMB100,000,000	–	100%	Marketing and sales services
上海洞察力數字科技集團有限公司 Shanghai Dongchali Digital Technology Group Co., Ltd. (“Shanghai Insight”) (曾用名:上海洞察力軟件信息科技有限公司) (Former Name: Shanghai Dongchali Software Information Technology Co., Ltd.)	a	PRC/Mainland China 24 May 2011	RMB100,000,000	–	100%	Marketing and sales services
成都珍島信息技術有限公司 Chengdu Trueland Information Technology Co., Ltd. (“Chengdu Trueland”)	a	PRC/Mainland China 14 September 2015	RMB2,000,000	–	100%	Marketing and sales services
廣東珍島信息技術有限公司 Guangdong Trueland Information Technology Co., Ltd. (“Guangdong Trueland”) (曾用名:深圳市珍島信息技術有限公司) (Former Name: Shenzhen Trueland Information Technology Co., Ltd.)	d	PRC/Mainland China 29 January 2015	RMB10,000,000	–	100%	Marketing and sales services
杭州珍島信息技術有限公司 Hangzhou Trueland Information Technology Co., Ltd. (“Hangzhou Trueland”)	a	PRC/Mainland China 24 February 2016	RMB1,000,000	–	100%	Marketing and sales services
溫州珍島信息技術有限公司 Wenzhou Trueland Information Technology Co., Ltd. (“Wenzhou Trueland”)	a	PRC/Mainland China 17 February 2016	RMB2,000,000	–	100%	Marketing and sales services
寧波珍島信息技術有限公司 Ningbo Trueland Information Technology Co., Ltd. (“Ningbo Trueland”)	a	PRC/Mainland China 9 September 2015	RMB2,000,000	–	100%	Marketing and sales services
蘇州珍島信息技術有限公司 Suzhou Trueland Information Technology Co., Ltd. (“Suzhou Trueland”)	a	PRC/Mainland China 20 January 2016	RMB1,000,000	–	100%	Marketing and sales services

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Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
金華市珍島信息技術有限公司 Jinhua Trueland Information Technology Co., Ltd. (“Jinhua Trueland”)	a	PRC/Mainland China 2 March 2020	RMB1,000,000	–	100%	Marketing and sales services
中山珍島信息技術有限公司 Zhongshan Trueland Information Technology Co., Ltd. (“Zhongshan Trueland”)	a	PRC/Mainland China 1 April 2020	RMB1,000,000	–	100%	Marketing and sales services
台州珍島信息技術有限公司 Taizhou Trueland Information Technology Co., Ltd. (“Taizhou Trueland”)	a	PRC/Mainland China 2 April 2020	RMB1,000,000	–	100%	Marketing and sales services
凱麗隆(上海)軟件信息科技有限公 Kaililong (Shanghai) Information Technology Co., Ltd. (“Shanghai Kaililong”)	a	PRC/Mainland China 16 May 2011	RMB10,000,000	–	100%	Marketing and sales services
上海凱麗隆大數據科技集團有限公司 Shanghai Kaililong Big Data Technology Group Co., Ltd. (“Shanghai Kaililong Big Data”)	a	PRC/Mainland China 28 May 2020	RMB50,000,000	–	100%	Marketing and sales services
凱麗隆(廣州)信息科技有限公 Kaililong (Guangzhou) Information Technology Co., Ltd. (“Guangzhou Kaililong”)	a	PRC/Mainland China 3 March 2016	RMB1,000,000	–	100%	Marketing and sales services
無錫凱麗隆廣告科技有限公 Wuxi Kaililong Advertising Technology Co., Ltd. (“Wuxi Kaililong”)	a	PRC/Mainland China 26 December 2017	RMB10,000,000	–	100%	Marketing and sales services
Kaililong International Holding (H.K) Limited (“Hongkong Kaililong”)	b	Hong Kong 29 August 2018	HKD1,000,000	100%	–	Marketing and sales services
上海天貝信息技術有限公司 Shanghai Tianbei Information Technology Co., Ltd. (“Shanghai Tianbei”)	a	PRC/Mainland China 15 October 2021	RMB30,000,000	–	100%	Marketing and sales services
湖北省珍島數字智能科技有限公 Hubei Trueland Digital Intelligent Technology Co., Ltd. (“Hubei Trueland”)	g	PRC/Mainland China 1 March 2022	RMB100,000,000	–	100%	Marketing and sales services

Notes:

- (a) There were no audited financial statements prepared for these entities.
- (b) The financial statements of these entities for the year ended 31 December 2021 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by FU HEI KIT, Certified Public Accountant (Practising) (符氣杰執業會計師). And the financial statements of these entities for the year ended 31 December 2022 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by Shine Wise & Co. CPA (晟睿會計師事務所). No audited statutory financial statements have been prepared for the year ended 31 December 2023.

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- (c) The statutory financial statements of these entities for the years ended 31 December 2021 and 2022 prepared in accordance with PRC GAAP were audited by Wuxi Liangxi Certified Public Accountants Co., Ltd. (無錫梁溪會計師事務所有限公司). No audited statutory financial statements have been prepared for the year ended 31 December 2023.
  - (d) The statutory financial statements of Guangdong Trueland for the years ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shenzhen Zhuxin Certified Public Accountants Co., Ltd. (深圳市鑄信會計師事務所(普通合夥)). No audited statutory financial statements have been prepared for the years ended 31 December 2021 and 2023.
  - (e) The statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2021 prepared in accordance with PRC GAAP were audited by Shanghai Huihong Certified Public Accountants Co., Ltd. (上海匯洪會計師事務所有限公司). And the statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shanghai Honghua Certified Public Accountants Co., Ltd. (上海宏華會計師事務所有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
  - (f) The financial statements of Marketingforce HongKong for the years ended 31 December 2021 and 2022 prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by DAVE KWOK & Co. Certified Public Accountants (郭嘯南會計師事務所). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
  - (g) The statutory financial statements of Hubei Trueland for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Hubei Haixin Certified Public Accountants Co., Ltd. (湖北海信會計師事務所有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
- \* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

### 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the paragraph headed “History, Reorganization and Corporate Development” in the Document, the Company became the holding company of the companies now comprising the Group on 8 September 2021.

The Group provides certain value-added telecommunications services business which is subject to foreign investment prohibition and restriction in Mainland China. A wholly owned subsidiary of the Company, Marketingforce Network Technology (“WFOE”), has entered into contractual arrangements (“Contractual Arrangements”) with Shanghai Trueland and their respective registered equity holders. The Contractual Arrangements enable the WFOE to exercise effective control over Shanghai Trueland and obtain substantially all economic benefits of Shanghai Trueland. Accordingly, Shanghai Trueland is controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Shanghai Trueland. Details of the Contractual Arrangements are disclosed in the section headed “Contractual Arrangement” in the Document.

As such, on 8 September 2021, the Company became the holding company of the companies now comprising the Group. The Reorganization has been arranged in a way that enables the then shareholders to maintain their respective beneficial ownership interests in Shanghai Trueland and its subsidiaries in the same manner before and after the Reorganization. Accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Relevant Periods. As such, the assets and liabilities of Shanghai Trueland and its subsidiaries have been included in the Historical Financial Information with existing book values. The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganization had been in existence throughout the Relevant Periods or since their respective dates of incorporation/establishment, where this is a shorter period.

All intra-group transactions and balances have been eliminated on consolidation.

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### 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss (“FVTPL”) and financial assets at fair value through other comprehensive income (“FVTOCI”) which have been measured at fair value.

Notwithstanding that the Group and the Company recorded net liabilities of RMB960,695,000 and RMB640,664,000, net current liabilities of RMB1,031,747,000 and RMB1,218,166,000, respectively as at 31 December 2023, primarily due to the convertible redeemable preferred shares, the Historical Financial Information has been prepared on a going concern basis.

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a [REDACTED] is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company’s control structure. Due to the change on the redemption rights, the directors of the Company believe that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report. Excluding the effects of the convertible redeemable preferred shares, the Group and the Company recorded net current assets of RMB192,042,000 and RMB5,623,000, respectively as at 31 December 2023. The directors of the Company are of the opinion that the Group and the Company will have sufficient working capital, taking into account, inter alia, the historical financial performance and the available financial resources, to meet their financial liabilities and obligations as and when they fall due and to sustain their operations for the next 12 months from 31 December 2023.

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)<sup>1</sup></i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)<sup>1</sup></i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements<sup>1</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>2</sup></i>

- 1 Effective for annual periods beginning on or after 1 January 2024.
- 2 Effective for annual periods beginning on or after 1 January 2025.
- 3 No mandatory effective date yet determined but available for adoption .

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. Up to now, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group’s results of operations and financial position.

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### 2.4 MATERIAL ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

#### Fair value measurement

The Group measures certain of its financial instruments at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than deferred tax assets, financial assets and contract acquisition costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

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- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used and estimated useful life for this purpose are as follows:

Office equipment	19%
Furniture and fixtures	19%
Motor vehicles	19%
Leasehold improvements	The shorter of remaining lease terms and the estimated useful live of 5-7 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The principal annual rate used for this purpose is as follows:

Software	10%-20%
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### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

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Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 year-6 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (b) *Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

#### (c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases is recognized as an expense on a straight-line basis over the lease term.

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### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

##### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### *General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. Debt investments graded in the top investment categories (Very Good and Good) by the Credit Rating Agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Credit Rating Agency both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, convertible redeemable preferred shares, interest-bearing bank and other borrowings and lease liabilities.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

#### *Financial liabilities at amortized cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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### Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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### Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

### Revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) *SaaS business*

SaaS business revenue primarily generates from a variety of cloud-based marketing and sales solutions. Revenue is generally recognized over time on a ratable basis over the contract term beginning from the date when cloud is accessible to the customer. SaaS business is provided to customers directly, including those sold directly by the Group and through channel partners. The Group is responsible to deliver the cloud-based software and ensure the customers have the right to access the cloud-based software in a stable way.

The channel partners work as the agents and have the contractual obligation to follow the Group's pricing guidance and have no significant performance obligation towards the customers. Therefore the Group is the principal and recognizes revenue at the gross amount billed to the customers by the channel partners. The difference between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by the Group is recognized as contract acquisition cost. Contract acquisition costs are charged to selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

The Group develops and sells customized self-hosted software. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the customized software as well as control the customized software until the software was delivered to the customer. The customized software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until customized software transfer to customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

The Group recognizes an asset in relation to costs to fulfil its customized software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customized software is passed to the customer and the revenue is recognized.

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### *(b) Precision marketing services*

The Group generates revenue from marketing solutions for advertising in a range of industries on media platforms. Precision marketing services include online advertisement solution services and online advertisement distribution services. Under each particular contract with customers, the Group is acting as a principal or an agent in the specific transactions. In determining whether the Group is acting as a principal or as an agent under the contract, management is required to take into account all relevant factors when making the judgement and evaluation, which are (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before or after the specified service or control has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified service. Specifically, for online advertisement solution service, the Group acts as the principal of these arrangements, correspondingly recognizes revenue on a gross basis; while for online advertisement distribution service, the Group acts as the agent and recognizes revenue on a net basis.

#### *(1) Online advertisement solution services*

The Group provides one-stop cross-media mobile marketing solutions by designing, producing, launching, monitoring and optimizing their advertisement campaigns, with strategic focus on top media platforms. The Group charges the customers mainly based on Cost Per Mille ("CPM") and Cost Per Click ("CPC"), which is subject to downward adjustments when the unit costs of advertising exceeded the committed levels. Revenue is recognized at a point in time when the customer benefits from the services.

While none of the factors individually are considered presumptive or determinative, in these arrangements the Group is the principal and responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified integrated services to the advertisers and committed not to exceed the unit costs of advertising as agreed with the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic from media platforms cannot be compensated by the total consideration received from the advertisers; (iii) performing all the billing and collection activities based on prices negotiated by the Group with the advertisers; and (iv) taking responsibility for the advertising content that the Group produced and placed with media platforms. The Group controls the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognizes revenue earned and costs incurred related to these transactions on gross basis. Under these arrangements, the rebates obtained from the media platforms are recorded as reduction of cost of sales. Rebates offered to the advertisers are recognized as deduction of revenue.

#### *(2) Online advertisement distribution services*

The Group provides traffic acquisition service to distribute the advertisements produced by the advertisers or the Group. The advertisements are published on the targeted media platforms as determined by the customers. Besides, the Group provides advertisements account charging service to customers upon the request from customers. Revenue is recognized at a point in time when the distribution of advertisements and charging of advertisement accounts are completed.

The Group is not the principal in this arrangement as the Group does not control the specified service (i.e., the traffic) before that service is delivered to the customer, because (i) it is the targeted media platform, rather than the Group, who is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than the Group, and the Group did not commit to acquire the traffic before transferring to the customers. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, rebates granted by the media platforms are recorded as revenue in the consolidated statements of profit or loss. Rebates offered to the advertisers are recognized as a deduction of revenue.

### **Other income**

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

### **Contract liabilities**

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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### **Contract acquisition costs**

Contract acquisition cost is recognized as an asset when the channel partners of the SaaS business secure contracts on behalf of the Group and the cost is expected to be recovered. It is amortized and charged to selling and distribution expenses on a ratable basis which is in line with the pattern of revenue recognition.

### **Share-based payments**

The Company operates a share incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method and back-solve method, further details of which are given in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

### **Other Employee benefits**

#### *Pension scheme*

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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### Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

### Foreign currencies

The Historical Financial Information is presented in RMB, which is different from the Company’s functional currency, the United States dollar (“USD”). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

#### *Contractual arrangements*

Shanghai Trueland provides value-added telecommunications services to customers. Due to regulatory prohibition and restriction on foreign ownership in providing value-added telecommunications services in the PRC, as disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over Shanghai Trueland and enjoys all economic benefits of Shanghai Trueland through the Contractual Arrangements.

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The Group considers that it controls Shanghai Trueland, notwithstanding the fact that it does not hold a direct equity interest in Shanghai Trueland, as it has power over the financial and operating policies of Shanghai Trueland and receives substantially all of the economic benefits from the business activities of Shanghai Trueland through the Contractual Arrangements. Accordingly, Shanghai Trueland has been accounted for as a subsidiary during the Relevant Periods.

### *Principal versus agent considerations – revenue from provision of precision marketing services*

In determining whether the Group is acting as a principal or as an agent in the provision of precision marketing services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The Group considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstance. The Group reported online advertisement solution services on a gross basis and reported online advertisement distribution services on a net basis.

### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

### *Share-based payments*

The Group has set up employee incentive platforms for the Company’s directors and the Group’s employees. The fair value of the restricted shares is determined by the discounted cash flow method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability (“DLOM”), discount rate and volatility, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are contained in note 31 to the Historical Financial Information.

### *Variable consideration for rebates earned from media platforms*

Media platforms may grant the Group rebates in various forms. The Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where the Group acts as agent). The rebates earned by the Group from media platforms come with a variety of structures and rates, which are primarily determined based on the contract terms with these media platforms, their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media platforms.

The Group accrues rebates from media platforms based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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### *Financial liabilities measured at fair value through profit or losses*

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the discounted cash flow method, the back-solve method and equity allocation model. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 27 to the Historical Financial Information.

### *Deferred tax assets*

Deferred tax assets are recognized for all accumulated tax losses and deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

### *Provision for expected credit losses on receivables*

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customer industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's receivables is disclosed in notes 20 and 21 to the Historical Financial Information.

### *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 15, 16 and 17 to the Historical Financial Information, respectively.

## 4. SEGMENT INFORMATION

### **Operating segment information**

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of SaaS business and precision marketing services in Mainland China. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment, mainly based on segment revenue and segment gross profit. The segment gross profit is calculated as segment revenue minus segment cost of services. Cost of services for SaaS business segment primarily comprised of employee benefit expenses and other direct services costs. Cost of services for precision marketing service segment primarily comprised of traffic purchase cost.

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Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the Historical Financial Information. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	<b>SaaS business</b> <i>RMB’000</i>	<b>Precision marketing service</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
Year ended 31 December 2021			
Segment revenue	438,642	438,589	877,231
Segment cost of services	43,550	355,874	399,424
Gross profit	<u>395,092</u>	<u>82,715</u>	<u>477,807</u>
Year ended 31 December 2022			
Segment revenue	529,877	612,899	1,142,776
Segment cost of services	57,192	525,546	582,738
Gross profit	<u>472,685</u>	<u>87,353</u>	<u>560,038</u>
Year ended 31 December 2023			
Segment revenue	702,378	529,742	1,232,120
Segment cost of services	86,223	439,715	525,938
Gross profit	<u>616,155</u>	<u>90,027</u>	<u>706,182</u>

### Geographical information

Since almost all of the Group’s non-current assets were located in Mainland China and almost all of the revenue of the Group is derived from operations in Mainland China during the Relevant Periods, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

### Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group’s total revenue during each of the Relevant Periods are set out below:

	<b>Year ended 31 December</b>		
	<b>2021</b> <i>RMB’000</i>	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Customer A	109,720	N/A*	N/A*
Customer B	N/A*	129,009	142,781
Customer C	96,169	279,792	302,252
Customer D	N/A*	N/A*	N/A*
Customer E	N/A*	120,274	N/A*

\* The corresponding revenue of the customer is not disclosed as the amount did not individually account for 10% or more of the Group’s revenue for the Relevant Periods.

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**5. REVENUE**

An analysis of revenue is as follows:

**(a) Disaggregated revenue information**

*Types of services*

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Precision marketing service	438,589	612,899	529,742
SaaS business	438,642	529,877	702,378
	<u>877,231</u>	<u>1,142,776</u>	<u>1,232,120</u>

*Timing of revenue recognition*

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Precision marketing service</b>			
At a point in time	438,589	612,899	529,742
<b>SaaS business</b>			
At a point in time	6,203	5,764	14,927
Over time	432,439	524,113	687,451
	<u>877,231</u>	<u>1,142,776</u>	<u>1,232,120</u>

**(b) Performance obligations**

Information about the Group's performance obligations are summarized below:

*SaaS business*

For SaaS service, the performance obligation is mainly satisfied over the contractual term starting from the date when the customer has access to one or more of the cloud applications. For services that are recognized at a point in time, they are recognized when the services are completed. The Group applies both credit policy and advance payments policy to the customers.

For customized software development project, the performance obligation is satisfied after the software is delivered and accepted by the customer and payment is generally due within 30 days from the billing date, except that certain percentage of contract sum is required to be prepaid by the customer.

*Precision marketing service*

The performance obligation is satisfied on benefiting from the services, advertisements distributing or advertisement accounts charging. The performance obligation is satisfied when the customer benefits from the services or the distribution of advertisements and charging of advertisement accounts are completed. The Group provides the recognized and creditworthy third parties with specific credit terms throughout precision marketing service arrangements.

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**ACCOUNTANTS’ REPORT**

**(c) Revenue recognized in relation to contract liabilities**

The Group recognized the following revenue-related contract liabilities:

	<b>As at 31 December</b>			
	<b>2020</b> <i>RMB’000</i>	<b>2021</b> <i>RMB’000</i>	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Contract liabilities	181,254	415,089	483,566	576,125

The Group tightens the advance payments policy requiring the customers to pay upfront as a result of the business growth, which contributes the corresponding increase of contract liabilities.

The following table shows the amounts of revenue recognized during the Relevant Periods that were included in the contract liabilities at the beginning of the reporting periods.

	<b>Year ended 31 December</b>		
	<b>2021</b> <i>RMB’000</i>	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Revenue recognized that was included in the contract liability balance at the beginning of the reporting period:			
Precision marketing service	15,170	8,128	2,602
SaaS business	139,314	349,665	416,246
	<u>154,484</u>	<u>357,793</u>	<u>418,848</u>

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the amounts disclosed below do not include variable consideration which is constrained:

	<b>As at 31 December</b>		
	<b>2021</b> <i>RMB’000</i>	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Expected to be satisfied			
within 1 year	357,793	418,848	509,788
over 1 year*	57,296	64,718	66,337
Contract liabilities	<u>415,089</u>	<u>483,566</u>	<u>576,125</u>

\* The Group expects the remaining performance obligations will be mainly satisfied in 1 to 2 years.

**(d) Assets recognized from incremental costs to obtain a contract**

The Group has recognized the following assets related to contracts with customers:

	<b>As at 31 December</b>		
	<b>2021</b> <i>RMB’000</i>	<b>2022</b> <i>RMB’000</i>	<b>2023</b> <i>RMB’000</i>
Contract acquisition costs (current)	19,790	14,314	38,406
Contract acquisition costs (non-current)	364	1,108	1,390
	<u>20,154</u>	<u>15,422</u>	<u>39,796</u>

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The Group has recognized assets in relation to incremental costs to acquire the SaaS business offering contracts. This is presented within “Contract acquisition costs” in the consolidated statements of financial position.

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Amortization recognized as selling expenses related to SaaS business during the year	20,185	19,790	14,314

(e) **Assets recognized from incremental costs to fulfil a contract**

The Group has also recognized the following assets in relation to costs to fulfil its customized software development contracts. This is presented within “Prepayments, other receivables and other assets” in the consolidated statements of financial position.

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Contract fulfilment costs (current)	–	–	6,663

### 6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Government grants*	39,175	45,186	38,059
Bank interest income	526	1,109	1,048
Gains on disposal of right-of-use assets and lease liabilities	13	208	424
Gains on modification of right-of-use assets and lease liabilities	–	–	281
Foreign exchange gains, net	–	971	–
Others	62	228	92
	<u>39,776</u>	<u>47,702</u>	<u>39,904</u>

\* Government grants were generally conditional in nature, which mainly represent additional VAT deduction allowed under the PRC tax law, generated from SaaS business and precision marketing services. There are no unfulfilled condition or contingencies relating to these grants.

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### 7. LOSS BEFORE TAX

The Group’s loss before tax is as follows:

	Notes	Year ended 31 December		
		2021 RMB’000	2022 RMB’000	2023 RMB’000
Cost of services rendered (excluding those included in employee benefit expense and depreciation)		382,792	558,201	500,619
Depreciation of items of property, plant and equipment	15	26,715	36,865	41,093
Depreciation of right-of-use assets	16	35,670	54,042	55,914
Amortization of intangible assets	17	2,666	1,760	1,800
Research and development expenses (excluding amortization, depreciation and employee benefit expense)		24,298	25,763	32,432
Lease expenses not included in the measurement of lease liabilities	16	1,332	1,737	1,769
Auditor’s remuneration		1,107	494	194
Fair value loss on convertible redeemable preferred shares	27	122,237	61,069	107,815
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (including directors’ remuneration (note 10)):				
–Salaries, allowances and benefits in kind		357,320	444,314	411,058
–Pension scheme contributions (defined contribution scheme)*		35,316	49,926	45,537
–Share-based payment compensation	31	7,952	8,378	8,378
Net foreign exchange losses/(gains)	6&9	1,422	(971)	60
Impairment for financial assets		15,191	6,496	31,143
Government grants	6	(39,175)	(45,186)	(38,059)
Bank interest income	6	(526)	(1,109)	(1,048)
Gains on disposal of right-of-use assets and lease liabilities	16	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	16	–	–	(281)
Losses on disposal of items of property, plant and equipment, net	9	132	125	30

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

### 8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2021 RMB’000	2022 RMB’000	2023 RMB’000
Interest on interest-bearing bank and other borrowings	11,019	15,326	23,889
Interest on redeemable preferred capital	8,004	–	–
Interest on lease liabilities	7,458	12,664	11,350
	<u>26,481</u>	<u>27,990</u>	<u>35,239</u>

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### 9. OTHER EXPENSES

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Losses on disposal of items of property, plant and equipment	132	125	30
Foreign exchange losses, net	1,422	–	60
Others	444	–	495
	<u>1,998</u>	<u>125</u>	<u>585</u>

### 10. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration paid or payable to the directors and chief executive of the Company (including the remuneration for services as chief executives and directors of the group entities prior to becoming the directors of the Company) during the Relevant Periods are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Fees	150	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,595	1,429	4,923
Pension scheme contributions	71	71	136
Share-based payment compensation	517	258	2,066
Total directors’ remuneration	<u>2,333</u>	<u>1,758</u>	<u>7,125</u>

During the Relevant Periods, incentives were granted to directors of the Company in respect of their services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such share incentive awards, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods is set out in the above directors’ remuneration disclosures.

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Year ended</b>					
<b>31 December 2021</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	1,264	57	–	1,321
Mr. Xu Jiankang (c)	–	331	14	517	862
	<u>–</u>	<u>1,595</u>	<u>71</u>	<u>517</u>	<u>2,183</u>

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	Fee <i>RMB’000</i>	Salaries, allowances and benefits in kind <i>RMB’000</i>	Pension scheme contributions <i>RMB’000</i>	Share-based payment compensation <i>RMB’000</i>	Total remuneration <i>RMB’000</i>
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Zhou Weiqing (e)	–	–	–	–	–
Mr. Qin Ci (d)	50	–	–	–	50
Mr. Yang Tao (d)	50	–	–	–	50
Mr. Li Jiyou (d)	50	–	–	–	50
	150	–	–	–	150
	150	1,595	71	517	2,333

	Fee <i>RMB’000</i>	Salaries, allowances and benefits in kind <i>RMB’000</i>	Pension scheme contributions <i>RMB’000</i>	Share-based payment compensation <i>RMB’000</i>	Total remuneration <i>RMB’000</i>
<b>Year ended</b>					
<b>31 December 2022</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	1,271	63	–	1,334
Mr. Xu Jiankang (c)	–	158	8	258	424
	–	1,429	71	258	1,758
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	1,429	71	258	1,758

	Fee <i>RMB’000</i>	Salaries, allowances and benefits in kind <i>RMB’000</i>	Pension scheme contributions <i>RMB’000</i>	Share-based payment compensation <i>RMB’000</i>	Total remuneration <i>RMB’000</i>
<b>Year ended</b>					
<b>31 December 2023</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	3,075	68	–	3,143
Mr. Xu Jiankang (c)	–	1,848	68	2,066	3,982
	–	4,923	136	2,066	7,125

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	Fee <i>RMB’000</i>	Salaries, allowances and benefits in kind <i>RMB’000</i>	Pension scheme contributions <i>RMB’000</i>	Share-based payment compensation <i>RMB’000</i>	Total remuneration <i>RMB’000</i>
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	4,923	136	2,066	7,125

- (a) Mr. Zhao Xulong was appointed as the chief executive officer of Shanghai Trueland since September 2009 and was appointed as the chief executive officer of the Company in February 2021.
- (b) Ms. Zhao Fangqi was appointed as a non-executive director of Shanghai Trueland since September 2017 and was appointed as a non-executive director of the Company in February 2021.
- (c) Mr. Xu Jiankang was appointed as an executive director of Shanghai Trueland since September 2017 and was an executive director of the Company between February 2021 and April 2021 and was reappointed as an executive director of the Company in November 2022.
- (d) Mr. Qin Ci, Mr. Yang Tao and Mr. Li Jiyou were appointed as non-executive directors of Shanghai Trueland in May 2019, September 2017, and September 2017 respectively, and were non-executive directors of the Company between February 2021 and April 2021.
- (e) Mr. Zhou Weiqing was a non-executive director of Shanghai Trueland between May 2020 and August 2021 and was a non-executive director of the Company between February 2021 and November 2021.
- (f) Mr. Huang Shaodong was appointed as a non-executive director of the Company since April 2022.

**11. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the Relevant Periods included 1, nil, and 2 directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remaining 4, 5 and 3 highest paid employees who are not directors nor the chief executive of the Company are as follows:

	Year ended 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Salaries, allowances and benefits in kind	5,035	8,286	5,650
Pension scheme contributions	171	250	136
Share-based payment compensation	3,733	6,226	4,159
	8,939	14,762	9,945

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The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2021	2022	2023
HK\$1,500,001 to HK\$2,000,000	1	1	–
HK\$2,000,001 to HK\$2,500,000	1	1	2
HK\$2,500,001 to HK\$3,000,000	1	1	–
HK\$3,500,001 to HK\$4,000,000	1	1	–
HK\$6,000,001 to HK\$6,500,000	–	1	1

### 12. INCOME TAX

#### Cayman Islands

The Company is a limited liability company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

#### Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

#### Mainland China

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the Relevant Periods unless they are subject to tax concession set out below:

- (1) Shanghai Trueland, Trueland Digital and Shanghai Trueland Network were accredited as high-tech enterprises in 2012, 2018 and 2018, and were entitled to a preferential CIT rate of 15% for the period from January 2021 to December 2023.
- (2) Wuxi Trueland were accredited as a software enterprise in 2016 and were entitled to a preferential CIT rate of 0% for the period from January 2017 to December 2018 and entitled to a preferential CIT rate of 12.5% for the period from January 2019 to December 2021. Wuxi Trueland was accredited as a high-tech enterprise in 2018 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2023.
- (3) Shanghai Trueland Intelligence was accredited as a double soft certification enterprise since December 2021, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years. Shanghai Trueland Intelligence was accredited as a high-tech enterprise in 2022 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2024.
- (4) Hubei Trueland was accredited as a double soft certification enterprise since March 2023, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years.
- (5) Guangdong Trueland, Ningbo Trueland, Chengdu Trueland, Suzhou Trueland, Shanghai Insight, Guangzhou Kaililong, Wuxi Kaililong, Wuxi Trueland Intelligence, Jinhua Trueland, Zhongshan Trueland, Taizhou Trueland, Kunshan Trueland, Shanghai Kaililong Big Data, Shanghai Tianbei, Wenzhou Trueland, Hangzhou Trueland and Trueland Digital are qualified as small scaled minimal profit enterprises.

Pursuant to Caishui [2019] circular No. 13, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2019 to 2021.

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Pursuant to Caishui [2021] circular No. 8, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2022] circular No. 5, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2023] circular No. 6, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2023 to 2024.

The major components of income tax expense of the Group are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current income tax	7,509	7	–
Deferred income tax (note 19)	(22)	(39)	55
	<u>7,487</u>	<u>(32)</u>	<u>55</u>
Total tax charge/(credit) for the year	<u>7,487</u>	<u>(32)</u>	<u>55</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss before tax	(265,102)	(216,487)	(169,423)
Tax at the statutory tax rate of 25%	(66,275)	(54,122)	(42,356)
Effects of preferential tax rates applicable to eligible subsidiaries	26,009	28,946	19,336
Effect on opening deferred tax of increase in rates	–	(19)	–
Income not subject to tax	(734)	(1)	(288)
Expenses not deductible for tax	19,427	9,455	18,735
Tax losses utilized from previous periods	(1,759)	(2,016)	(1,693)
Temporary differences and tax losses for which no deferred income tax asset was recognized	43,617	46,590	35,440
Accelerated research and development deductible expenses	(12,798)	(28,865)	(29,119)
	<u>7,487</u>	<u>(32)</u>	<u>55</u>
Tax at the effective tax rates	<u>7,487</u>	<u>(32)</u>	<u>55</u>

### 13. DIVIDENDS

During the Relevant Periods, no dividends have been declared or paid by the Company.

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### 14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's share split as disclosed in note 29 to the Historical Financial Information had been in effect on 1 January 2021.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2021, 2022 and 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		
	2021	2022	2023
Loss			
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation (RMB'000)	<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
Shares			
Weighted average number of ordinary shares assumed to be in issue during the year used in the basic and diluted loss per share calculation	<u>15,011,220</u>	<u>16,809,320</u>	<u>16,809,320</u>
Loss per share (basic and diluted) (RMB)	<u>(18.16)</u>	<u>(12.88)</u>	<u>(10.08)</u>

### 15. PROPERTY, PLANT AND EQUIPMENT

#### 31 December 2021

	Office equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2021:					
Cost	95,476	4,653	6,952	22,602	129,683
Accumulated depreciation	<u>(47,348)</u>	<u>(711)</u>	<u>(2,806)</u>	<u>(10,490)</u>	<u>(61,355)</u>
Net carrying amount	<u>48,128</u>	<u>3,942</u>	<u>4,146</u>	<u>12,112</u>	<u>68,328</u>
At 1 January 2021, net of accumulated depreciation	48,128	3,942	4,146	12,112	68,328
Additions	26,264	672	2,023	39,669	68,628
Disposals	(132)	–	–	–	(132)
Depreciation provided during the year	<u>(15,088)</u>	<u>(862)</u>	<u>(1,488)</u>	<u>(9,277)</u>	<u>(26,715)</u>
At 31 December 2021, net of accumulated depreciation	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>
At 31 December 2021:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	<u>(59,892)</u>	<u>(1,573)</u>	<u>(4,294)</u>	<u>(19,767)</u>	<u>(85,526)</u>
Net carrying amount	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>

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**31 December 2022**

	Office equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	(59,892)	(1,573)	(4,294)	(19,767)	(85,526)
Net carrying amount	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>
At 1 January 2022, net of accumulated depreciation					
Additions	23,153	37	983	24,394	48,567
Disposals	(235)	(42)	(112)	–	(389)
Depreciation provided during the year	(17,188)	(915)	(1,707)	(17,055)	(36,865)
At 31 December 2022, net of accumulated depreciation	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>
At 31 December 2022:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>

**31 December 2023**

	Office equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>
At 1 January 2023, net of accumulated depreciation					
Additions	1,420	383	355	11,410	13,568
Disposals	(412)	(132)	–	–	(544)
Depreciation provided during the year	(18,684)	(1,047)	(1,292)	(20,070)	(41,093)
At 31 December 2023, net of accumulated depreciation	<u>47,226</u>	<u>2,036</u>	<u>2,908</u>	<u>41,183</u>	<u>93,353</u>
At At 31 December 2023:					
Cost	142,775	5,279	10,107	98,075	256,236
Accumulated depreciation	(95,549)	(3,243)	(7,199)	(56,892)	(162,883)
Net carrying amount	<u>47,226</u>	<u>2,036</u>	<u>2,908</u>	<u>41,183</u>	<u>93,353</u>

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**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between one and six years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

**(a) Right-of-use assets**

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follow:

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at the beginning of the year	43,083	155,414	172,663
Additions	149,811	72,826	5,591
Lease modification	–	–	(4,731)
Lease termination	(1,810)	(1,535)	(2,293)
Depreciation provided during the year	(35,670)	(54,042)	(55,914)
	<u>155,414</u>	<u>172,663</u>	<u>115,316</u>

**(b) Lease Liabilities**

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at the beginning of the year	45,612	169,525	207,955
Additions	149,811	72,826	5,591
Interest during the year	7,458	12,664	11,350
Lease modification	–	–	(5,012)
Lease termination	(1,823)	(1,743)	(2,717)
Payments during the year	(31,533)	(45,317)	(73,220)
	<u>169,525</u>	<u>207,955</u>	<u>143,947</u>
Analyzed into:			
Current portion	43,248	71,358	54,304
Non-current portion	126,277	136,597	89,643

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

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(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Interest on lease liabilities	7,458	12,664	11,350
Gains on modification of right-of-use assets and lease liabilities	–	–	(281)
Gains on disposal of right-of-use assets and lease liabilities	(13)	(208)	(424)
Depreciation charge of right-of-use assets	35,670	54,042	55,914
Expense relating to short-term leases	1,332	1,737	1,769
Total amount recognized in profit or loss	<u>44,447</u>	<u>68,235</u>	<u>68,328</u>

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

**17. INTANGIBLE ASSETS**

**31 December 2021**

	Software <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2021		
Cost	18,167	18,167
Accumulated amortization	<u>(11,404)</u>	<u>(11,404)</u>
Net carrying amount	<u>6,763</u>	<u>6,763</u>
Cost at 1 January 2021, net of accumulated amortization	6,763	6,763
Additions	995	995
Amortization provided during the year	<u>(2,666)</u>	<u>(2,666)</u>
At 31 December 2021	<u>5,092</u>	<u>5,092</u>
At 31 December 2021		
Cost	19,162	19,162
Accumulated amortization	<u>(14,070)</u>	<u>(14,070)</u>
Net carrying amount	<u>5,092</u>	<u>5,092</u>

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**31 December 2022**

	<b>Software</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
At 1 January 2022		
Cost	19,162	19,162
Accumulated amortization	(14,070)	(14,070)
Net carrying amount	<u>5,092</u>	<u>5,092</u>
Cost at 1 January 2022, net of accumulated amortization	5,092	5,092
Additions	429	429
Amortization provided during the year	(1,760)	(1,760)
At 31 December 2022	<u>3,761</u>	<u>3,761</u>
At 31 December 2022		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	<u>3,761</u>	<u>3,761</u>

**31 December 2023**

	<b>Software</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
At 1 January 2023		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	<u>3,761</u>	<u>3,761</u>
Cost at 1 January 2023, net of accumulated amortization	3,761	3,761
Additions	923	923
Amortization provided during the year	(1,800)	(1,800)
At 31 December 2023	<u>2,884</u>	<u>2,884</u>
At 31 December 2023		
Cost	20,514	20,514
Accumulated amortization	(17,630)	(17,630)
Net carrying amount	<u>2,884</u>	<u>2,884</u>

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**18. INVESTMENTS IN SUBSIDIARIES**

The Company

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment costs	516,094	567,873	577,502

**19. DEFERRED TAX**

The movements in deferred tax during the Relevant Periods are as follows:

**Deferred tax assets**

	<b>Impairment of financial assets</b>	<b>Lease liabilities</b>	<b>Tax losses</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>31 December 2021</b>				
At 1 January 2021	9	5,426	219	5,654
Deferred tax credited to profit or loss during the year	14	13,497	395	13,906
At 31 December 2021	23	18,923	614	19,560
<b>31 December 2022</b>				
At 1 January 2022	23	18,923	614	19,560
Deferred tax (charged)/credited to profit or loss during the year	(12)	8,382	1,836	10,206
At 31 December 2022	11	27,305	2,450	29,766
<b>31 December 2023</b>				
At 1 January 2023	11	27,305	2,450	29,766
Deferred tax charged to profit or loss during the year	(11)	(7,137)	(1,251)	(8,399)
At 31 December 2023	–	20,168	1,199	21,367

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**Deferred tax liabilities**

	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>
<b>31 December 2021</b>		
At 1 January 2021	5,660	5,660
Deferred tax charged to profit or loss during the year	13,884	13,884
	<u>19,544</u>	<u>19,544</u>
At 31 December 2021	<u>19,544</u>	<u>19,544</u>
<b>31 December 2022</b>		
At 1 January 2022	19,544	19,544
Deferred tax charged to profit or loss during the year	10,167	10,167
	<u>29,711</u>	<u>29,711</u>
At 31 December 2022	<u>29,711</u>	<u>29,711</u>
<b>31 December 2023</b>		
At 1 January 2023	29,711	29,711
Deferred tax credited to profit or loss during the year	(8,344)	(8,344)
	<u>21,367</u>	<u>21,367</u>
At 31 December 2023	<u>21,367</u>	<u>21,367</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net deferred tax assets recognized in the consolidated statements of financial position	23	55	–
Net deferred tax liabilities recognized in the consolidated statements of financial position	7	–	–
	<u>7</u>	<u>–</u>	<u>–</u>

The Group has accumulated tax losses arising in Mainland China of RMB383,861,000, RMB677,826,000 and RMB894,454,000 at the end of each of the Relevant Periods, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses arising in Hong Kong of RMB4,978,000, RMB9,579,000 and RMB11,682,000 at the end of each of the Relevant Periods, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has deductible temporary differences of RMB33,457,000, RMB39,486,000 and RMB66,507,000 at the end of each of the Relevant Periods, respectively.

Deferred tax assets have not been recognized in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses and the deductible temporary differences can be utilized.

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### 20. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Bills receivables	116,154	12,650	1,436
Trade receivables	74,454	129,799	129,139
Impairment	(16,390)	(11,563)	(17,912)
	<u>174,218</u>	<u>130,886</u>	<u>112,663</u>

The Group’s trading terms with its precision marketing service customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2022, the principal amount of other borrowing from a third party of RMB50,000,000 and unpaid borrowing interest of RMB411,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB19,848,000 and other receivables of RMB57,807,000.

As at 31 December 2023, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB14,000 are guaranteed by a related party (Liu Huan) and also secured by trade receivables of RMB4,258,000 and other receivables of RMB87,037,000.

As at 31 December 2023, the principal amount of other borrowing from a third party of RMB90,000,000 and unpaid borrowing interest of RMB780,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB15,535,000 and other receivables of RMB252,974,000.

As at 31 December 2021, 2022 and 2023, the Group discounted bills receivable accepted by banks (“Discounted Bills”) in Mainland China with a carrying amount of RMB125,616,000, RMB110,912,000 and RMB35,600,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards of certain Discounted Bills, which include default risks relating to such Discounted Bills. Those Discounted Bills were accounted as bank borrowings, which amounted to RMB115,116,000, RMB12,650,000 and nil, respectively. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

And for the remaining discounted bills receivable, the Group has derecognized those bills (“Derecognized Bills”), which amounted to RMB10,500,000, RMB98,262,000 and RMB35,600,000, respectively. The Derecognized Bills had a maturity of 4 months, 4 months and 6 months at 31 December 2021, 2022 and 2023, respectively.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant. During the Relevant Periods, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively. The discount has been made evenly throughout the year.

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An ageing analysis of the bills receivables and trade receivables as at the end of each of the Relevant Periods, based on the date of recognition and net of allowance, is as follows:

(a) *Bills receivables*

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 1 year	115,030	12,516	1,425

(b) *Trade receivables*

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 90 days	44,753	108,465	72,757
90 days – 180 days	4,799	6,267	20,530
181days – 1 year	3,885	1,001	14,128
Over 1 year	5,751	2,637	3,823
	<u>59,188</u>	<u>118,370</u>	<u>111,238</u>

The movements in loss allowance for impairment of bills receivables and trade receivables are as follows:

(a) *Bills receivables*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	487	1,124	134
Impairment/(reversal of impairment)	637	(990)	(123)
	<u>1,124</u>	<u>134</u>	<u>11</u>

(b) *Trade receivables*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	30,404	15,266	11,429
Impairment	8,330	4,648	6,592
Receivables written off during the year as uncollectable	(23,468)	(8,485)	(120)
	<u>15,266</u>	<u>11,429</u>	<u>17,901</u>

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### Impairment under IFRS 9 for the Relevant Periods

An impairment analysis was made based on expected credit loss model on the recoverability of trade and bills receivables. The identification of impairment requires management’s judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group’s bills receivables and trade receivables using a provision matrix:

(a) *Bills receivables*

	As at 31 December		
	2021	2022	2023
	Within 1 year	Within 1 year	Within 1 year
Expected credit loss rate	0.97%	1.06%	0.77%
Gross carrying amount (RMB’000)	116,154	12,650	1,436
Expected credit losses (RMB’000)	1,124	134	11

(b) *Trade receivables*

As at 31 December 2021

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	1.34%	1.42%	1.42%	4.64%	1.68%	20.50%
Gross carrying amount (RMB’000)	14,254	45,360	4,868	3,941	6,031	60,200	74,454
Expected credit losses (RMB’000)	14,254	607	69	56	280	1,012	15,266

As at 31 December 2022

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	1.26%	1.26%	1.28%	3.41%	1.31%	8.81%
Gross carrying amount (RMB’000)	9,860	109,848	6,347	1,014	2,730	119,939	129,799
Expected credit losses (RMB’000)	9,860	1,383	80	13	93	1,569	11,429

As at 31 December 2023

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	2.06%	1.77%	2.05%	5.28%	2.12%	13.86%
Gross carrying amount (RMB’000)	15,495	74,286	20,899	14,423	4,036	113,644	129,139
Expected credit losses (RMB’000)	15,495	1,529	369	295	213	2,406	17,901

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**ACCOUNTANTS’ REPORT**

**21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

**The Group**

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current:			
Prepayments for purchase of items of property, plant and equipment	3,533	990	90
Deposits	4,462	14,653	18,581
Impairment allowance	–	(649)	(1,212)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>7,995</u>	<u>14,994</u>	<u>17,459</u>
Current:			
Other receivables in relation to prepayment on behalf of advertisers – third parties*	1,065,794	1,334,168	1,670,000
Other prepayments	26,132	20,592	23,637
Other tax recoverable	17,560	39,978	27,966
Deposits	15,028	22,930	12,603
Prepayments for purchasing advertising traffic	9,853	2,885	4,758
Capitalization of [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Contract fulfilment cost (note 5)	–	–	6,663
Others	872	605	5,034
Impairment allowance	(22,438)	(24,627)	(40,483)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>1,114,108</u>	<u>1,399,852</u>	<u>1,711,324</u>

\* In the online advertisement distribution services, sometimes, the Group makes prepayments to the media platforms on behalf of the advertisers before receiving the advance payment from these advertisers, these prepayments on behalf of advertisers are recognized as other receivables. As at 31 December 2022 and 2023, other receivables of RMB57,807,000 and RMB340,011,000 are pledged for bank and other borrowings respectively, further details are given in notes 20 and 26 to the Historical Financial Information.

An impairment analysis was made based on expected credit loss model on the recoverability of certain other receivables items, which are as follows:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,065,794	1,334,168	1,670,000
Deposits	19,490	37,583	31,184
Others	872	605	5,034
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>1,086,156</u>	<u>1,372,356</u>	<u>1,706,218</u>

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The movements in loss allowance for impairment of other receivables are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	16,214	22,438	25,276
Impairment	6,224	2,838	24,675
Receivables written off during the year as uncollectable	—	—	(8,256)
Balance at end of year	<u>22,438</u>	<u>25,276</u>	<u>41,695</u>

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

Set out below is the information about the credit risk exposure on the Group’s other receivables using a provision matrix:

### As at 31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	1.28%	5.24%	100.00%	2.07%
Gross carrying amount (RMB'000)	1,068,856	9,032	8,268	1,086,156
Expected credit losses (RMB'000)	<u>13,697</u>	<u>473</u>	<u>8,268</u>	<u>22,438</u>

### As at 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	1.22%	3.41%	100.00%	1.84%
Gross carrying amount (RMB'000)	1,347,810	16,278	8,268	1,372,356
Expected credit losses (RMB'000)	<u>16,453</u>	<u>555</u>	<u>8,268</u>	<u>25,276</u>

### As at 31 December 2023

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	2.01%	6.47%	100.00%	2.44%
Gross carrying amount (RMB'000)	1,659,990	40,525	5,703	1,706,218
Expected credit losses (RMB'000)	<u>33,369</u>	<u>2,623</u>	<u>5,703</u>	<u>41,695</u>

### The Company

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Amounts due from related party – Shanghai Trueland*	29,942	38,320	46,698
Capitalization of [REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u>31,249</u>	<u>41,641</u>	<u>47,844</u>

\* The Company’s amounts due from related party is related to the share-based payments, as detailed in note 31 to the Historical Financial Information.

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**22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	As at 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Bills receivables at fair value through other comprehensive income	–	2,076	1,610
Less: Change in fair value of financial assets at fair value through other comprehensive income	–	(21)	(8)
	<u>–</u>	<u>2,055</u>	<u>1,602</u>

**23. CASH AND CASH EQUIVALENTS**

**The Group**

	As at 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Cash on hand	145	10	90
Cash at banks	211,887	207,267	188,985
Cash equivalents	3,626	5,338	19,428
Less: Short-term bank deposit with maturities of more than three months*	–	–	(50,000)
Less: Restricted cash**	–	(9,109)	(20,481)
Cash and cash equivalents	<u>215,658</u>	<u>203,506</u>	<u>138,022</u>
Denominated in:			
RMB	173,959	185,190	132,540
USD	41,694	18,271	5,396
HKD	5	45	86
Total cash and bank balances	<u>215,658</u>	<u>203,506</u>	<u>138,022</u>

\* The effective interest rate of short-term bank deposit with maturities of more than three months was 1.95% as at 31 December 2023.

\*\* Pursuant to a tripartite agreement dated 25 March 2022 entered into among the Group, a supplier and a factoring company in relation to online advertisement business, when the Group is unable to make timely payment, the factoring company will pay the supplier unconditionally when there is no commercial dispute. To guarantee the payment, the factoring company supervised the bank account of the Group of RMB9,109,000 and RMB12,968,000 as at 31 December 2022 and 2023, respectively, with restriction.

Pursuant to a facility agreement dated 30 December 2022 entered into between the Group and a bank, a specific account is required to set up to guarantee the bank borrowing, and the bank supervised the special account of the Group of RMB7,427,000 as at 31 December 2023 with restriction.

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**The Company**

	As at 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Cash on hand	–	–	–
Cash at banks	3,983	70	257
	<u>3,983</u>	<u>70</u>	<u>257</u>
Cash and cash equivalents	<u>3,983</u>	<u>70</u>	<u>257</u>
Denominated in:			
USD	3,983	70	257
	<u>3,983</u>	<u>70</u>	<u>257</u>
Total cash and bank balances	<u>3,983</u>	<u>70</u>	<u>257</u>

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit or short-term bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

**24. TRADE PAYABLES**

An ageing analysis of trade payables as at the end of each of the Relevant Periods, based on the date of recognition, is as follows:

	As at 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Within 1 year	11,081	37,183	45,952
Over 1 year	4,487	6,486	4,998
	<u>15,568</u>	<u>43,669</u>	<u>50,950</u>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

**25. OTHER PAYABLES AND ACCRUALS**

**The Group**

	As at 31 December		
	2021 <i>RMB’000</i>	2022 <i>RMB’000</i>	2023 <i>RMB’000</i>
Non-current:			
Deferred revenue	1,428	1,575	3,370
	<u>1,428</u>	<u>1,575</u>	<u>3,370</u>

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	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Cost payable to media platforms on behalf of customers*	62,773	319,790	312,649
Advance from advertisers**	78,412	155,121	183,836
Payroll and welfare payables	42,327	41,173	35,441
Deferred revenue	1,595	1,700	3,530
Deposits	4,941	12,494	18,757
Other tax payables	3,068	3,031	4,310
Other payables	15,205	22,162	29,805
Purchase of long-term assets	2,665	9,277	6,253
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	<u>213,642</u>	<u>581,544</u>	<u>612,701</u>

\* Cost payable to media platforms on behalf of customers represents the traffic acquisition costs paid for our customers in the online advertisement distribution service.

\*\* Advance from advertisers represents the pre-collected payment from customers seeking for our online advertisement distribution services.

### The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Amounts due to related party – Hongkong			
Kaililong	–	696	17,177
Amounts due to related party – Shanghai			
Trueland	–	–	5,832
Amounts due to related party – Marketingforce			
HongKong	–	279	283
Amounts due to related party – American			
Kaililong	–	–	975
Other payables	–	63	91
	<u>2,656</u>	<u>17,834</u>	<u>42,478</u>

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

### As at 31 December 2021

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.65%-5.35%	1 year	372,316
Bank loans – unsecured	3.70%	1 year	20,000
Discounted Bills	2.55%	1 year	115,116
			<u>507,432</u>

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**As at 31 December 2022**

	<b>Effective interest rate</b>	<b>Maturity</b>	<b>RMB’000</b>
Bank loans – secured	3.65%-5.20%	1 year	349,817
Discounted Bills	1.25%-2.90%	1 year	12,650
Other borrowing – secured*	8.00%	1 year	50,411
			<u>412,878</u>

**As at 31 December 2023**

	<b>Effective interest rate</b>	<b>Maturity</b>	<b>RMB’000</b>
Bank loans – secured	3.24%-5.20%	1 year	529,032
Other borrowing – secured*	8.00%	1 year	90,780
			<u>619,812</u>

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Analyzed into:			
Bank and other loans repayable:			
Within one year or on demand	<u>507,432</u>	<u>412,878</u>	<u>619,812</u>
	<u>507,432</u>	<u>412,878</u>	<u>619,812</u>

The guarantee amounts provided by the relevant parties including the related parties as at 31 December 2021, 2022 and 2023 are as follows:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Kaililong (Shanghai) Information Technology Co., Ltd.	–	–	150,197
Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	–	139,147
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	–	50,027	119,616
Trueland Information Technology (Shanghai) Co., Ltd. (Other borrowing – secured)*	–	50,411	90,780
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	70,026	70,047
Mr. Liu Huan**	–	–	20,014
Marketingforce Network Technology (Shanghai) Co., Ltd.	–	20,000	20,000

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	As at 31 December		
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Mr. Liu Huan, Ms. Shen Liyao, Trueland Information Technology (Shanghai) Co., Ltd.	–	7,008	10,011
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd.	210,130	50,067	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Trueland Information Technology (Shanghai) Co., Ltd.	30,046	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd., Kaililong (Shanghai) Information Technology Co., Ltd.	15,020	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	30,000	49,574	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	80,112	–	–
Mr. Liu Huan, Ms. Shen Liyao, Shanghai MSME Policy Financing Guarantee Fund Management Center	7,008	3,003	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	100,112	–
	<u>372,316</u>	<u>400,228</u>	<u>619,812</u>

\* As at 31 December 2022 and 2023, other borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

\*\* As at 31 December 2023, bank borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

The aforementioned guarantees from related parties are at no cost. Except for Mr. Zhao Xulong and Ms. Zhu Shuina, the guarantees from other related parties will not be released prior to the [REDACTED].

**27. CONVERTIBLE REDEEMABLE PREFERRED SHARES**

**Redeemable Preferred Capital**

In 2017, Shanghai Trueland and series A-1 investors entered into a share subscription agreement whereby the series A-1 investors made a total investment of RMB120,000,000.

In 2020, one of the series A-1 investors exited and the equity interests were taken over by series A-2 investor (together with series A-1 investors, the “Series A investors”).

Pursuant to the Reorganization in 2021, the equity interests held by the Series A investors were repurchased by issuing the Company’s series A preferred shares (“Series A Preferred Shares”). As a result of the change, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

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### Redemption features

Pursuant to the series A-1 investors’ agreement, in the following circumstances, the series A-1 investors shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-1 investors at the price agreed in the series A-1 agreement: (i) Shanghai Trueland fails to consummate a listing within three years from the date of the series A-1 agreement; (ii) a feasible plan of listing of Shanghai Trueland to which the series A-1 investors or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of Shanghai Trueland due to the veto of the founder holding companies without reasonable causes; (iii) Mr. Zhao Xulong resigns or leaves Shanghai Trueland, or the founders directly or indirectly dispose their equity interests in Shanghai Trueland or take any other actions which may cause the change of control of Shanghai Trueland or may cause adverse impact on the listing of Shanghai Trueland, or the founders materially breach their non-compete obligations under the series A-1 agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between Shanghai Trueland and the founders.

Pursuant to the series A-2 investor’s agreement, at any time, the series A-2 investor shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-2 investor at the price agreed in the series A-2 agreement.

The repurchase price of the series A-1 redeemable preferred capital is equivalent to the series A-1 subscription price plus earnings at an interest rate of 12% per annum.

The repurchase price of the series A-2 redeemable preferred capital is equivalent to the series A-2 subscription price plus earnings at an interest rate of 8% per annum.

### Presentation and classification

The redemption obligations give rise to financial liabilities, which are measured initially at the present value of the repurchase amount and subsequently at amortized cost. The movements of redeemable preferred capital during the Relevant Periods are set out below.

The movements of redeemable preferred capital were as follows:

	Series A-1 RMB’000	Series A-2 RMB’000	Total RMB’000
1 January 2021	135,287	33,094	168,381
Interest expense (effective interest rate of 8%)	–	1,471	1,471
Interest expense (effective interest rate of 12%)	6,533	–	6,533
Transfer to Series A Preferred Shares	(141,820)	(34,565)	(176,385)
31 December 2021, 2022 and 2023	–	–	–

### Convertible redeemable preferred shares

Pursuant to the Reorganization, in July 2021, the Company issued 114,421 Series A Preferred Shares with a par value of USD0.0001 per share to the Series A investors. Upon completion of the Reorganization, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

In November 2021, the Group and series B investors entered into a share subscription agreement whereby series B investors made a total investment of USD92,138,000 for 138,553 series B preferred shares (“Series B Preferred Shares”) with a par value of USD0.0001 per share.

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### *Conversion rights*

Each Preferred Share shall be convertible, at the option of the holder of the Preferred Shares at any time after the date of issuance, without the payment of any additional consideration. All outstanding Preferred Shares shall automatically be converted into ordinary shares upon the earlier of (i) the closing of a listing, or (ii) the date specified by written consent or agreement of the majority preferred shareholders. Initial conversion price is the original issuance price, which results in a conversion ratio of 1 for 1.

The applicable conversion price shall be adjusted and readjusted from time to time as (i) adjustment for share splits and combinations; (ii) adjustment for ordinary share dividends and distributions; (iii) adjustments for other dividends (iv) adjustments for Reorganizations, mergers, consolidations, reclassifications, exchanges, substitutions; (v) adjustments to conversion price for dilutive issuance; (vi) other dilutive events.

### *Redemption features*

In the event that at any time upon the occurrence of any of the following events: (a) a listing is not consummated on or before the expiration of 36 months after the Series B Preferred Shares closing date; (b) a feasible plan of listing of the Company to which the holder of Preferred Shares or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of the Company due to the veto of the founder holding companies without reasonable causes; (c) Mr. Zhao Xulong resigns from the Company, or the founders directly or indirectly dispose their equity interests in the Company or take any other actions which may cause the change of control of the Company or may cause adverse impact on the listing of the Company, or the founders materially breach their non-compete obligations under the shareholders agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between the Company and the founders; (d) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (e) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure.

### *Liquidation preferences*

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to holders of Preferred Shares with an amount equal to (i) Series B Preferred Shares issue price and interest thereto at a simple rate of twelve percent (12%) of the Series B Preferred Shares issue price per annum calculating from the Series B Preferred Shares issue date, or (ii) Series A Preferred Shares issue price and interest thereto at a simple rate of eight percent (8%) of the Series A Preferred Shares issue price per annum calculating from the Series A Preferred Shares issue date, thereupon in the sequence below:

- (1) Series B Preferred Shares
- (2) Series A Preferred Shares

### *Voting rights*

The holder of each Preferred Share shall be entitled to votes equal to the number of votes attaching to the number of ordinary shares to which such Preferred Shares could be converted. The holders of Preferred Shares shall vote with the holders of ordinary shares, and not as a separate class.

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### *Presentation and classification*

The Group designated host debt and conversion derivative of Preferred Shares as financial liabilities measured as fair value through profit or loss, presented as convertible redeemable preferred shares in the consolidated statements of financial position. Management considered that fair value change in the Preferred Shares attributable to changes of own credit risk is not significant. The movements of the convertible redeemable preferred shares are set out as follows:

<b>The Group and the Company</b>	<b>Convertible redeemable preferred shares RMB’000</b>
1 January 2021	–
Transfer from redeemable preferred capital	176,385
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	58,677
Issuance of Series B Preferred Shares	396,172
Redesignate ordinary shares to Series B Preferred Shares ( <i>Note 29 b</i> )	191,272
Fair value loss on financial liabilities at FVTPL	122,237
Translation exchange adjustments	(2,260)
	<hr/>
31 December 2021	942,483
	<hr/> <hr/>
Fair value loss on financial liabilities at FVTPL	61,069
Translation exchange adjustments	92,923
	<hr/>
31 December 2022	1,096,475
	<hr/> <hr/>
Fair value loss on financial liabilities at FVTPL	107,815
Translation exchange adjustments	19,499
	<hr/>
31 December 2023	1,223,789
	<hr/> <hr/>

### *Valuation process of the Group for convertible redeemable preferred share*

The fair value of convertible redeemable preferred share is determined based on valuation performed by an independent professionally qualified valuer using the back-solve method to determine the underlying equity value of the Group and adopted the equity allocation model to determine the fair value of the convertible redeemable preferred shares as at 31 December 2021 and using the discounted cash flow method and the equity allocation model as at 31 December 2022 and 2023.

Back-solve method is used as at 31 December 2021 by consideration of the marketability that the Series B Preferred Shares financing occurred in November 2021, and the underlying equity value doesn’t materially differs till 31 December 2021. No such marketability is available at 31 December 2022 and 2023, consequently the discounted cash flow method is used accordingly.

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Risk-free interest rate	0.96%	4.42%	4.70%
Discounts for lack of marketability (“DLOM”)	17.00%	16.27%	6.47%
Volatility	45.53%	51.30%	39.60%
Possibilities under liquidation scenario	17.50%	17.50%	12.50%
Possibilities under redemption scenario	17.50%	17.50%	12.50%
Possibilities under conversion scenario	65.00%	65.00%	75.00%

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The Group estimated the risk-free interest rate based on the yield of the US Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility is estimated based on daily stock prices of the comparable companies for a period equal to the expected terms for liquidation or redemption event as of the valuation date.

The increase or decrease in risk-free interest rate, DLOM, volatility and possibilities under conversion scenario with all other variables held constant would decrease or increase the fair value of convertible redeemable preferred shares. While for the possibilities under liquidation and redemption scenarios the increase or decrease of which, with all other variables held constant, would increase or decrease the fair value of convertible redeemable preferred shares.

### 28. OTHER CURRENT LIABILITIES

The other current liabilities are as below:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
VAT on contract liabilities	24,231	28,656	32,894

### 29. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 February 2021 with authorized share capital of USD50,000 divided into (i) 499,660,015 ordinary shares with par value of USD0.0001 each, (ii) 96,259 Series A-1 Preferred Shares with par value of USD0.0001 each, (iii) 18,162 Series A-2 Preferred Shares with par value of USD0.0001 each, (iv) 225,564 Series B Preferred Shares with par value of USD0.0001 each.

On 8 August 2022, each issued and unissued shares of a par value of US\$0.0001 each in the capital of the Company was sub-divided into 20 shares of a par value of US\$0.000005 each. Subsequent to the share split, the authorized share capital of the Company was US\$50,000 divided into 10,000,000,000 shares of a par value of US\$0.000005 each.

#### Ordinary shares

	31 December 2021	31 December 2022	31 December 2023
	USD	USD	USD
Authorized:			
499,660,015 ordinary shares of USD0.0001 each	49,966	–	–
9,993,200,300 ordinary shares of USD0.000005 each	–	49,966	49,966
	<u>–</u>	<u>49,966</u>	<u>49,966</u>

Issued and fully paid:

	Number of shares in issue	Share capital USD'000	Share capital RMB'000
At 31 December 2021	<u>893,098</u>	<u>89</u>	<u>1</u>
At 31 December 2022 and 2023	<u>17,861,960</u>	<u>89</u>	<u>1</u>

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Movements in the issued share capital from 23 February 2021 (date of incorporation) to 31 December 2023 were as follows:

	Number of shares in issue	Share capital RMB’000
At 1 January 2021	—	—
Issue of ordinary shares ( <i>Note a</i> )	938,211	1
Redesignated to Series B Preferred Shares ( <i>Note b</i> )	(45,113)	—
At 31 December 2021	<u>893,098</u>	<u>1</u>
Each in the capital of the Company was sub-divided into 20 shares	<u>16,968,862</u>	—
At 31 December 2022 and 2023	<u>17,861,960</u>	<u>1</u>

*Note a:*

- (1) On 23 February 2021, the Company issued and allotted one ordinary share to the initial subscriber (an independent third party) at par value, and was subsequently transferred, on the same day, to Willam Zhao Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately controlled by Mr. Zhao Xulong.
- (2) On 23 February 2021, the Company issued and allotted an aggregate of 885,578 shares to the following entities at par value:

Shareholders	Numbers of shares issued	Subscription price USD
Willam Zhao Limited	352,864	35.29
Shuina Zhu Limited	298,402	29.84
Shanghai Hongyu Limited	96,259	9.63
Fangqi Zhao Limited	77,005	7.70
Shanghai Zhiyu Limited	22,544	2.25
Kaihua Tan Limited	19,252	1.93
Peimin Guo Limited	5,088	0.51
Wenhua Xu Limited	14,164	1.42
Total	<u>885,578</u>	

- (3) On 10 November 2021, the Company issued and allotted 52,632 ordinary shares to Isle Wealth Limited at par value.
- (4) On 12 November 2021, Willam Zhao Limited transferred ordinary shares to other ordinary shareholders as follows:
  - (i) 13,158 ordinary shares to Zhenjun He;
  - (ii) 5,639 ordinary shares to Multi Link Corporate Development Limited;
  - (iii) 9,398 ordinary shares to Great Boom Group Limited; and
  - (iv) 7,519 ordinary shares to Top Mountain Shuye LP.

*Note b:*

- (1) On 10 November 2021, 45,113 ordinary shares held by Mr. Zhao Xulong were redesignated and transferred to Rongjing Co. Limited as Series B Preferred Shares.

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### 30. RESERVES

#### The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

#### (a) Capital reserve

The capital reserve/share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

#### (b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

#### (c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies in the Group of which the functional currency is not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the Historical Financial Information.

#### The Company

	Share capital RMB'000	Capital reserve RMB'000	Share- based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2021	–	–	–	–	–	–
Loss for the year	–	–	–	–	(131,340)	(131,340)
Other comprehensive income for the year	–	–	–	5,356	–	5,356
Total comprehensive loss for the year	–	–	–	5,356	(131,340)	(125,984)
Transfer to convertible redeemable preferred shares	–	(297,774)	–	–	–	(297,774)
Equity-settled share option arrangements	–	–	29,944	–	–	29,944
Issue of shares	1	–	–	–	–	1
As at 31 December 2021 and 1 January 2022	<u>1</u>	<u>(297,774)</u>	<u>29,944</u>	<u>5,356</u>	<u>(131,340)</u>	<u>(393,813)</u>
Loss for the year	–	–	–	–	(73,722)	(73,722)
Other comprehensive loss for the year	–	–	–	(45,568)	–	(45,568)
Total comprehensive loss for the year	–	–	–	(45,568)	(73,722)	(119,290)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
As at 31 December 2022	<u>1</u>	<u>(297,774)</u>	<u>38,322</u>	<u>(40,212)</u>	<u>(205,062)</u>	<u>(504,725)</u>

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	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
Loss for the year	–	–	–	–	(133,983)	(133,983)
Other comprehensive loss for the year	–	–	–	(10,334)	–	(10,334)
Total comprehensive loss for the year	–	–	–	(10,334)	(133,983)	(144,317)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
At 31 December 2023	<u>1</u>	<u>(297,774)</u>	<u>46,700</u>	<u>(50,546)</u>	<u>(339,045)</u>	<u>(640,664)</u>

**31. SHARE-BASED PAYMENTS**

**Employee incentive platform**

Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海宏宇資產管理合夥企業(有限合夥)) (“Shanghai Hongyu”), is a limited partnership incorporated in the PRC on 6 November 2015 as the employee stock ownership platform. The general partner of Shanghai Hongyu is Mr. Xu Jiankang, the executive director and senior vice president of the Company.

Shanghai Hongyu Limited, a company incorporated on 9 February 2021 in the British Virgin Islands, was wholly owned by Shanghai Hongyu. Pursuant to the Reorganization, each of Shanghai Hongyu and Mr. Xu Jiankang is deemed to be interested in the shares held by Shanghai Hongyu Limited.

**Share incentive plan**

In December 2015, Shanghai Trueland adopted a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the share incentive plan may include any officer, directors, employees of the Group, and any individual consultants or advisors who render or have rendered bona fide services to the Group.

Subject to any restriction contained in the share incentive plan, each vested share shall not be exercisable until the later of the following: (i) the date such share has vested and (ii) 30 days after the listing but shall be exercised no later than 90 days after such vested share become exercisable. The exercise price for each share under the share incentive plan is RMB8.33.

The following shares were outstanding under the share incentive plan during the Relevant Periods:

	<b>Number of shares</b>
At 1 January 2021	2,688,342
Granted during the year	311,658
Forfeited during the year	–
At 31 December 2021, 2022 and 2023	<u>3,000,000</u>

Upon the Reorganization, the underlying shares of the share incentive plan have been changed from Shanghai Trueland to the Company.

During the Relevant Periods, the Group recognized share-based compensation expenses of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively.

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The fair value of options granted during the Relevant Periods is measured based on discounted cash flow method.

Key valuation assumptions used to determine the fair value of options granted are as follows:

	<b>22 February 2021</b> <i>RMB'000</i>
Method	Discounted cash flow method
Risk-free interest rate	3.03%
DLOM	18.00%
Volatility	43.11%

The Group estimated the risk-free interest rate based on the yield of the Mainland China Government Bond on 22 February 2021. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

### 32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of RMB149,811,000, RMB72,826,000 and RMB5,591,000, and non-cash additions to lease liabilities of RMB149,811,000, RMB72,826,000 and RMB5,591,000, respectively, in respect of lease arrangements for properties.

During the Relevant Periods, the Group had non-cash additions to share-based payment reserves of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively, in respect of share-based payment arrangements.

During the Relevant Periods, the Group had non-cash subtractions to trade and bills receivables of RMB8,604,000, RMB115,116,000 and RMB12,650,000, and non-cash subtractions to interest-bearing bank and other borrowings of RMB8,604,000, RMB115,116,000 and RMB12,650,000, respectively, in respect of Discounted Bills.

#### (b) Changes in liabilities arising from financing activities

	<b>Interest- bearing bank and other borrowings</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i>	<b>Redeemable preferred capital</b> <i>RMB'000</i>	<b>Convertible redeemable preferred shares</b> <i>RMB'000</i>	<b>Total liabilities from financing activities</b> <i>RMB'000</i>
As at 1 January 2021	190,428	45,612	168,381	–	404,421
Cash flows from/(used in) financing activities	314,589	(31,533)	(128,560)	524,732	679,228
Non-cash changes:					
New leases	–	149,811	–	–	149,811
Accrual of interest	11,019	7,458	8,004	–	26,481
Lease termination	–	(1,823)	–	–	(1,823)
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	–	–	–	58,677	58,677

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	<b>Interest-bearing bank and other borrowings</b>	<b>Lease liabilities</b>	<b>Redeemable preferred capital</b>	<b>Convertible redeemable preferred shares</b>	<b>Total liabilities from financing activities</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Redesignate ordinary shares to Series B Preferred Shares	–	–	–	191,272	191,272
Fair value loss on financial liabilities at FVTPL	–	–	–	122,237	122,237
Translation exchange adjustments	–	–	–	(2,260)	(2,260)
Transfer to convertible redeemable preferred shares	–	–	(47,825)	47,825	–
Reclassification	(8,604)	–	–	–	(8,604)
	<u>507,432</u>	<u>169,525</u>	<u>–</u>	<u>942,483</u>	<u>1,619,440</u>
As at 31 December 2021 and 1 January 2022					
Cash flows from/(used in) financing activities	5,236	(45,317)	–	–	(40,081)
Non-cash changes:					
New leases	–	72,826	–	–	72,826
Accrual of interest	15,326	12,664	–	–	27,990
Lease termination	–	(1,743)	–	–	(1,743)
Reclassification	(115,116)	–	–	–	(115,116)
Translation exchange adjustments	–	–	–	92,923	92,923
Fair value changes of preferred shares	–	–	–	61,069	61,069
	<u>412,878</u>	<u>207,955</u>	<u>–</u>	<u>1,096,475</u>	<u>1,717,308</u>
As at 31 December 2022 and 1 January 2023					
Cash flows from/(used in) financing activities	195,695	(73,220)	–	–	122,475
Non-cash changes:					
New leases	–	5,591	–	–	5,591
Accrual of interest	23,889	11,350	–	–	35,239
Lease modification	–	(5,012)	–	–	(5,012)
Lease termination	–	(2,717)	–	–	(2,717)
Reclassification	(12,650)	–	–	–	(12,650)
Translation exchange adjustments	–	–	–	19,499	19,499
Fair value changes of preferred shares	–	–	–	107,815	107,815
	<u>619,812</u>	<u>143,947</u>	<u>–</u>	<u>1,223,789</u>	<u>1,987,548</u>
As at 31 December 2023					

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**(c) Total cash outflow for leases**

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within operating activities	1,343	1,349	1,769
Within financing activities	31,533	45,317	73,220
	<u>32,876</u>	<u>46,666</u>	<u>74,989</u>

**33. COMMITMENTS**

At the end of each of the Relevant Periods, the Group and the Company did not have any significant commitment.

**34. RELATED PARTY TRANSACTIONS AND BALANCES**

The directors of the Company are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the Relevant Periods.

**(a) Name and relationship**

Name of related parties	Relationship with the Group and the Company
Zhao Xulong	Chief executive director and a shareholder
Tianjin Zhengdao North Beta Consulting Co., Ltd (“North Beta”)	A shareholder of a shareholder of the Company
CCB INTERNATIONAL CAPITAL LIMITED (“CCBI”)	A sister affiliate of a shareholder of the Company
Liu Huan	Senior management
Shen Liyao	The spouse of a senior management

**(b) Transactions with related parties**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Purchase of services			
CCBI	–	1,845	1,140
North Beta	11,692	300	300
	<u>11,692</u>	<u>2,145</u>	<u>1,440</u>
Borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	8,000	35,500	–
	<u>8,000</u>	<u>35,500</u>	<u>–</u>

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	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Repayment of borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	(8,000)	(35,500)	–
	<u>(8,000)</u>	<u>(35,500)</u>	<u>–</u>

(c) **Other transactions with related parties**

Certain of the Group’s directors, senior management and shareholder have guaranteed certain bank loans made to the Group as disclosed in note 26 to the Historical Financial Information.

(d) **Outstanding balance with related parties**

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Other payables and accruals			
CCBI	–	1,845	1,214
	<u>–</u>	<u>1,845</u>	<u>1,214</u>

(e) **Compensation of key management personnel of the Group**

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Short term employee benefits	7,623	9,557	12,430
Contributions to the pension scheme	285	313	340
Share-based payment compensation	5,799	6,226	6,226
	<u>13,707</u>	<u>16,096</u>	<u>18,996</u>

Further details of directors’ and the chief executive’s emoluments are included in note 10 to the Historical Financial Information.

### 35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

**As at 31 December 2021**

**Financial assets**

	<b>Financial assets at amortized cost RMB’000</b>
Financial assets included in prepayments, other receivables and other assets (note 21)	1,063,718
Trade and bills receivables (note 20)	174,218
Cash and cash equivalents (note 23)	215,658
	<u>1,453,594</u>

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*Financial liabilities*

	<b>At amortized cost</b>	<b>At FVTPL</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables ( <i>note 24</i> )	15,568	–	15,568
Convertible redeemable preferred shares ( <i>note 27</i> )	–	942,483	942,483
Financial liabilities included in other payables and accruals ( <i>note 25</i> )	88,240	–	88,240
Interest-bearing bank and other borrowings ( <i>note 26</i> )	507,432	–	507,432
	<u>611,240</u>	<u>942,483</u>	<u>1,553,723</u>

**As at 31 December 2022**

*Financial assets*

	<b>At amortized cost</b>	<b>At FVTOCI</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets included in prepayments, other receivables and other assets ( <i>note 21</i> )	1,347,080	–	1,347,080
Trade and bills receivables ( <i>note 20</i> )	130,886	–	130,886
Financial assets at fair value through other comprehensive income ( <i>note 22</i> )	–	2,055	2,055
Restricted cash ( <i>note 23</i> )	9,109	–	9,109
Cash and cash equivalents ( <i>note 23</i> )	203,506	–	203,506
	<u>1,690,581</u>	<u>2,055</u>	<u>1,692,636</u>

*Financial liabilities*

	<b>At amortized cost</b>	<b>At FVTPL</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables ( <i>note 24</i> )	43,669	–	43,669
Convertible redeemable preferred shares ( <i>note 27</i> )	–	1,096,475	1,096,475
Financial liabilities included in other payables and accruals ( <i>note 25</i> )	380,519	–	380,519
Interest-bearing bank and other borrowings ( <i>note 26</i> )	412,878	–	412,878
	<u>837,066</u>	<u>1,096,475</u>	<u>1,933,541</u>

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**As at 31 December 2023**

*Financial assets*

	<b>At amortized cost RMB’000</b>	<b>At FVTOCI RMB’000</b>	<b>Total RMB’000</b>
Financial assets included in prepayments, other receivables and other assets (note 21)	1,664,523	–	1,664,523
Trade and bills receivables (note 20)	112,663	–	112,663
Financial assets at fair value through other comprehensive income (note 22)	–	1,602	1,602
Restricted cash (note 23)	20,481	–	20,481
Short-term bank deposits (note 23)	50,000	–	50,000
Cash and cash equivalents (note 23)	138,022	–	138,022
	<u>1,985,689</u>	<u>1,602</u>	<u>1,987,291</u>

*Financial liabilities*

	<b>At amortized cost RMB’000</b>	<b>At FVTPL RMB’000</b>	<b>Total RMB’000</b>
Trade payables (note 24)	50,950	–	50,950
Convertible redeemable preferred shares (note 27)	–	1,223,789	1,223,789
Financial liabilities included in other payables and accruals (note 25)	385,584	–	385,584
Interest-bearing bank and other borrowings (note 26)	619,812	–	619,812
	<u>1,056,346</u>	<u>1,223,789</u>	<u>2,280,135</u>

**36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the convertible redeemable preferred shares measured at FVTPL are determined using the back-solve method and the discounted cash flow method. Further details are set out in note 27.

The fair values of the bill receivables measured at FVTOCI are determined using the discounted cash flow method. Further details are set out in note 22 to the Historical Financial Information.

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**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

*Assets measured at fair value*

**As at 31 December 2022**

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTOCI	–	–	2,055	2,055

**As at 31 December 2023**

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTOCI	–	–	1,602	1,602

*Liabilities measured at fair value*

**As at 31 December 2021**

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB’000	RMB’000	RMB’000	RMB’000
Financial liabilities at FVTPL	–	–	942,483	942,483

**As at 31 December 2022**

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB’000	RMB’000	RMB’000	RMB’000
Financial liabilities at FVTPL	–	–	1,096,475	1,096,475

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As at 31 December 2023

	Fair value measurement using			Total RMB’000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB’000	RMB’000	RMB’000	
Financial liabilities at FVTPL	–	–	1,223,789	1,223,789

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021, 2022 and 2023:

	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
Convertible redeemable preferred shares	Back-solve method	Risk-free interest rate	2021	0.96%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB262,000
		Discounts for lack of marketability (“DLOM”)	2021	17.00%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB10,766,000/RMB10,573,000
		Volatility	2021	45.53%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB8,404,000
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2022	4.42%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB832,000/RMB836,000
		DLOM	2022	16.27%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB11,820,000/RMB11,680,000
		Volatility	2022	51.30%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB9,016,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2022	2.51%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB1,000
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2023	4.70%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB393,000/RMB394,000

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	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
		DLOM	2023	6.47%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB3,607,000
		Volatility	2023	39.60%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB3,039,000/RMB3,058,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2023	2.51%-2.54%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB413

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank and other borrowings, and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarized below.

**Foreign currency risk**

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's loss before tax and the Group's equity (excluding retained profits/accumulated losses) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
<u>Year ended 31 December 2021</u>			
If RMB weakens against US\$	5	16	(23,922)
If RMB strengthens against US\$	(5)	(16)	23,922
<u>Year ended 31 December 2022</u>			
If RMB weakens against US\$	5	3,920	(43,624)
If RMB strengthens against US\$	(5)	(3,920)	43,624
<u>Year ended 31 December 2023</u>			
If RMB weakens against US\$	5	6,747	(53,344)
If RMB strengthens against US\$	(5)	(6,747)	53,344

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### Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

#### *(i) Credit risk of trade receivables*

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding trade receivable balances is not significant.

In calculating the expected credit loss rate, the Group considers the historical loss rates for its customers and adjusts for forward-looking macroeconomic data. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information. As at 31 December 2021, 2022 and 2023, the Group had certain concentrations of credit risk as 15.71%, 35.31% and 24.43% of the Group's trade receivables were due from the Group's largest debtor and 55.86%, 76.69% and 59.79% of the Group's trade receivables were due from the Group's five largest debtors, respectively.

#### *(ii) Credit risk of bills receivables, other receivables and financial assets at fair value through other comprehensive income*

For bills receivables and financial assets included in prepayment, other receivables, other assets and financial assets at fair value through other comprehensive income, management makes periodic collective assessments as well as individual assessment on the recoverability of these instruments based on historical settlement records and past experiences. At 31 December 2021, 2022 and 2023, the credit ratings of other receivables, bill receivables and financial assets at fair value through other comprehensive income were assessed. The Group assessed that the expected credit losses for these financial assets were not material under the 12-month expected credit loss model. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding bills receivables and other receivable balances is not significant.

#### *(iii) Credit risk of cash and cash equivalents, short-term bank deposits and restricted cash*

To manage this risk arising from cash and cash equivalents, short-term bank deposits and restricted cash, they are mainly placed with banks with high credit ratings. There has been no recent history of default in relation to these financial institutions. Based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

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The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

### 31 December 2021

	12-month ECLs		Lifetime ECLs		Simplified approach RMB’000	Total RMB’000
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000			
Trade receivables*	–	–	–		74,454	74,454
Bills receivables	116,154	–	–		–	116,154
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,068,856	–	–		–	1,068,856
– Doubtful**	–	9,032	8,268		–	17,300
Cash and cash equivalents	215,658	–	–		–	215,658
	<u>1,400,668</u>	<u>9,032</u>	<u>8,268</u>		<u>74,454</u>	<u>1,492,422</u>

### 31 December 2022

	12-month ECLs		Lifetime ECLs		Simplified approach RMB’000	Total RMB’000
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000			
Trade receivables*	–	–	–		129,799	129,799
Bills receivables	12,650	–	–		–	12,650
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,347,810	–	–		–	1,347,810
– Doubtful**	–	16,278	8,268		–	24,546
Financial assets at fair value through other comprehensive income	2,055	–	–		–	2,055
Restricted cash	9,109	–	–		–	9,109
Cash and cash equivalents	203,506	–	–		–	203,506
	<u>1,575,130</u>	<u>16,278</u>	<u>8,268</u>		<u>129,799</u>	<u>1,729,475</u>

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31 December 2023

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	129,139	129,139
Bills receivables	1,436	–	–	–	–	1,436
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,659,990	–	–	–	–	1,659,990
– Doubtful**	–	40,525	5,703	–	–	46,228
Financial assets at fair value through other comprehensive income	1,602	–	–	–	–	1,602
Restricted cash	20,481	–	–	–	–	20,481
Short-term bank deposits	50,000	–	–	–	–	50,000
Cash and cash equivalents	138,022	–	–	–	–	138,022
	<u>1,871,531</u>	<u>40,525</u>	<u>5,703</u>		<u>129,139</u>	<u>2,046,898</u>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group’s objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group’s financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2021

	Within 1 year or on demand RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	15,568	–	–	–	15,568
Other payables and accruals	88,240	–	–	–	88,240
Interest-bearing bank and other borrowings	517,068	–	–	–	517,068
Convertible redeemable preferred shares	–	–	1,031,077	–	1,031,077
Lease liabilities	53,289	51,194	87,081	645	192,209
	<u>674,165</u>	<u>51,194</u>	<u>1,118,158</u>	<u>645</u>	<u>1,844,162</u>

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**31 December 2022**

	<b>Within 1 year or on demand RMB’000</b>	<b>1 year to 2 years RMB’000</b>	<b>2 years to 5 years RMB’000</b>	<b>Over 5 years RMB’000</b>	<b>Total RMB’000</b>
Trade payables	43,669	–	–	–	43,669
Other payables and accruals	380,519	–	–	–	380,519
Interest-bearing bank and other borrowings	419,939	–	–	–	419,939
Convertible redeemable preferred shares	–	1,031,077	–	–	1,031,077
Lease liabilities	82,753	53,784	98,210	–	234,747
	<u>926,880</u>	<u>1,084,861</u>	<u>98,210</u>	<u>–</u>	<u>2,109,951</u>

**31 December 2023**

	<b>Within 1 year or on demand RMB’000</b>	<b>1 year to 2 years RMB’000</b>	<b>2 years to 5 years RMB’000</b>	<b>Over 5 years RMB’000</b>	<b>Total RMB’000</b>
Trade payables	50,950	–	–	–	50,950
Other payables and accruals	385,584	–	–	–	385,584
Interest-bearing bank and other borrowings	626,927	–	–	–	626,927
Convertible redeemable preferred shares	1,031,077	–	–	–	1,031,077
Lease liabilities	59,082	45,263	51,194	–	155,539
	<u>2,153,620</u>	<u>45,263</u>	<u>51,194</u>	<u>–</u>	<u>2,250,077</u>

**Capital management**

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders’ value.

The Group regards net assets as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

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The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Total liabilities	2,293,763	2,856,325	3,263,595
Total assets	1,811,077	2,076,432	2,302,900
Debt-to-asset ratios	126.65%	137.56%	141.72%

### 38. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a listing is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company’s control structure.

On 26 January 2024, Shanghai Trueland entered into an equity joint venture agreement with two third parties to establish a limited company. Shanghai Trueland and the two third parties have committed to subscribe 40%, 30% and 30% of the registered capital of the newly established company at an aggregate consideration of RMB8,000,000, RMB6,000,000 and RMB6,000,000, respectively.

On 1 March 2024, Isle Wealth Limited granted 1,052,640 shares of restricted stock to eligible participants who contribute to the success of the Group.

Except for the aforementioned, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2023.

### 39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.

**APPENDIX II                      UNAUDITED [REDACTED] FINANCIAL INFORMATION**

The following information does not form part of the Accountants’ Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited [REDACTED] financial information should be read in conjunction with “Financial Information” and the Accountants’ Report set out in Appendix I to this document.

**(A) UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following unaudited [REDACTED] adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 Preparation of [REDACTED] Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to owners of the Company as of 31 December 2023 as if the [REDACTED] had taken place on 31 December 2023.

The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as of 31 December 2023 or at any future date. It is prepared based on our consolidated net tangible liabilities as of 31 December 2023 as set out in the Accountants’ Report as set out in Appendix I to this document and adjusted as described below. The unaudited [REDACTED] adjusted consolidated net tangible assets do not form part of the Accountants’ Report as set out in Appendix I to this document.

	Consolidated net tangible liabilities attributable to owners of the Company as at 31 December 2023 (RMB’000) (Note 1)	Estimated net [REDACTED] from the [REDACTED] (RMB’000) (Note 2)	Estimated impact to consolidated net tangible liabilities upon the conversion of convertible preferred shares (RMB’000) (Note 3)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2023 (RMB’000)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 (RMB) (Note 4)	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 (HK\$) (Note 5)
Based on an [REDACTED] of HK\$[REDACTED] per Share	(963,579)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	(963,579)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	(963,579)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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## APPENDIX II            UNAUDITED [REDACTED] FINANCIAL INFORMATION

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*Notes:*

- (1) The consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2023 was equal to the consolidated net liabilities attributable to owners of the Company as at 31 December 2023 of RMB960,695,000 after deducting intangible assets of RMB2,884,000 as at 31 December 2023 as set out in the Accountants’ Report in Appendix I to this Document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the [REDACTED] of [REDACTED], [REDACTED] or [REDACTED] per Shares, after deduction of the [REDACTED] fees and other related expenses payable by our Group and does not take into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED]. For the purpose of the estimated net [REDACTED] from the [REDACTED], the amounts denominated in HK\$ have been converted into RMB at the rate of HK\$1.00 to RMB[0.9075], which were the exchange rates prevailing on [11 March 2024] with reference to the rates published by The People’s Bank Of China. No representation is made that the HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.
- (3) Upon the [REDACTED] and the completion of the [REDACTED], all the convertible redeemable preferred shares will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited [REDACTED] financial information, the unaudited [REDACTED] adjusted net tangible assets attributable to owners of the Company will be increased by RMB[REDACTED] as at 31 December 2023.
- (4) The unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at after adjustments referred in notes 2 and 3 above and on the basis that [REDACTED] Shares are in issue, assuming that the 2022 Share Subdivision, the conversion of convertible redeemable preferred shares into Ordinary Shares, the Share Subdivision and the [REDACTED] had been completed on 31 December 2023. However, this does not take into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED].
- (5) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB[0.9075] to HK\$1.00. No representation is made that the HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.
- (6) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

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**APPENDIX II            UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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*The following is the text of a report, prepared for the purpose of incorporation in this document, received from the reporting accountants, [REDACTED], Certified Public Accountants, Hong Kong, in respect of the unaudited [REDACTED] financial information.*

[REDACTED]

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**APPENDIX II      UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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[REDACTED]

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**APPENDIX II      UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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[REDACTED]

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**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF THE COMPANY  
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**SUMMARY OF THE CONSTITUTION OF THE COMPANY**

**1     Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents available on display".

**2     Articles of Association**

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

**2.1   *Directors***

*(a)   Power to allot and issue Shares*

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

*(b)   Power to dispose of the assets of the Company or any subsidiary*

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

*(c)   Compensation or payment for loss of office*

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

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*(d) Loans to Directors*

There are no provisions in the Articles of Association relating to making of loans to Directors.

*(e) Financial assistance to purchase Shares*

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

*(f) Disclosure of interest in contracts with the Company or any of its subsidiaries*

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (iii) any proposal concerning an [REDACTED] of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the [REDACTED] or sub-[REDACTED] of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
  - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
  - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

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*(h) Retirement, appointment and removal*

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or

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- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

*(i) Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

**2.2 *Alteration to constitutional documents***

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

**2.3 *Variation of rights of existing shares or classes of shares***

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

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The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**2.4 *Alteration of capital***

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Cayman Companies Act.

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***2.5 Special resolution – majority required***

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Cayman Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

***2.6 Voting rights***

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member’s behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

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No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

***2.7 Annual general meetings and extraordinary general meetings***

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

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If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

**2.8 *Accounts and audit***

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Cayman Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

**2.9 *Auditors***

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

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*2.10 Notice of meetings and business to be conducted thereat*

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

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- (b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

***2.11 Transfer of shares***

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and

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- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

***2.12 Power of the Company to purchase its own shares***

Subject to the provisions of the Cayman Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

***2.13 Power of any subsidiary of the Company to own shares***

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

***2.14 Dividends and other methods of distribution***

Subject to the Cayman Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

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The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct.

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Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

***2.15 Proxies***

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

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The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

***2.16 Calls on shares and forfeiture of shares***

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

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A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

***2.17 Inspection of register of members***

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Cayman Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

***2.18 Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

***2.19 Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

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***2.20 Procedure on liquidation***

Subject to the Cayman Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Cayman Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

***2.21 Untraceable members***

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing

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Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

### **SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**

#### **1     Introduction**

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

#### **2     Incorporation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 February 2021 under the Cayman Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

#### **3     Share Capital**

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;

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- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

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### 4     **Dividends and Distributions**

With the exception of section 34 of the Cayman Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

### 5     **Shareholders' Suits**

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

### 6     **Protection of Minorities**

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

### 7     **Disposal of Assets**

The Cayman Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

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**8     Accounting and Auditing Requirements**

The Cayman Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**9     Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

**10    Inspection of Books and Records**

Members of a company will have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

**11    Special Resolutions**

The Cayman Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

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### **12    Subsidiary Owning Shares in Parent**

The Cayman Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

### **13    Mergers and Consolidations**

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

### **14    Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

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**15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**16 Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Restructuring**

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Cayman Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

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**18    Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**19    Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**20    Taxation**

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of the Company;  
or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

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**APPENDIX III                      SUMMARY OF THE CONSTITUTION OF THE COMPANY  
AND THE CAYMAN ISLANDS COMPANY LAW**

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**21    Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**22    General**

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is on display on the websites as referred to in the section headed "Documents available on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

## APPENDIX IV

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### A. FURTHER INFORMATION ABOUT OUR GROUP

#### 1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on February 23, 2021. Our registered office address is at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. As our Company was incorporated in the Cayman Islands, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant aspects of the Cayman Islands Company law and our Memorandum and Articles of Association is set out in Appendix IV of this document.

Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 30, 2022, and our Company's principal place of business in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon Hong Kong. Mr. LI Kin Wai has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

As at the date of this document, our Company's head office was located at Trueland Centre, Building 8, No. 1 Lane 1401, Jiangchang Road, Jing'an District, Shanghai, China.

#### 2. Changes in share capital of our Company

On February 23, 2021, our Company was incorporated with an authorized share capital of US\$50,000.00 divided into 500,000,000 Shares of a par value of US\$0.0001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this document:

- (a) On August 8, 2022, each issued and unissued shares of a par value of US\$0.0001 each in the capital of our Company was sub-divided into 20 Shares of a par value of US\$0.000005 each, such that following the subdivision, the authorized share capital of our Company was US\$50,000 divided into 10,000,000,000 Shares of a par value of US\$0.000005 each.

We expect to conduct the Share Subdivision immediately before the [REDACTED], pursuant to which each share (including Ordinary Shares and Preferred Shares) with par value US\$0.000005 in our issued and unissued share capital will be subdivided into [ten] shares with par value US\$0.0000005 each, such that immediately following such Share Subdivision, our Company's authorized share capital was US\$50,000 divided into 100,000,000,000 Shares, with a par value of US\$0.0000005 each.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

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### 3. Changes in share capital of our subsidiaries and Consolidated Affiliated Entities

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix I.

There has been no alteration in the share capital of any subsidiary or Consolidated Affiliated Entity of our Company within the two years immediately preceding the date of this document.

Save for the subsidiaries and Consolidated Affiliated Entities mentioned in the Accountant's Report set out in Appendix I to this document, our Company has no other subsidiaries or Consolidated Affiliated Entities.

### 4. Written resolutions of the shareholders of our Company passed on [●]

Pursuant to the written resolutions of the shareholders of our Company entitled to vote at general meetings of our Company, which were passed on [●]:

- (a) conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, our Shares in issue and to be issued as mentioned in this document and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Main Board of the Stock Exchange; and (2) the [REDACTED] having been determined; (3) the obligations of the [REDACTED] under the [REDACTED] Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the [REDACTED] (on behalf of the [REDACTED]) and not being terminated in accordance with the terms of the [REDACTED] Agreements or otherwise, in each case on or before such dates as may be specified in the [REDACTED] Agreements; and (4) the [REDACTED] Agreements having been duly executed by the [REDACTED] and the Company:
  - (i) the [REDACTED] (including the [REDACTED]) was approved, and the proposed allotment and issue of the [REDACTED] under the [REDACTED] were approved, and the Directors were authorised to determine the [REDACTED] for, and to allot and issue the [REDACTED];
  - (ii) conditional on the [REDACTED] becoming unconditional, a general mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the total number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the [REDACTED], rights issue or pursuant to the exercise of any

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subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in a general meeting, shall not exceed the sum of (i) 20% of the total number of the Shares in issue immediately following the completion of the Share Subdivision and the [REDACTED] and taking no account of Shares to be issued pursuant to the exercise of the [REDACTED]; and (ii) the total number of Shares purchased by the Company pursuant to the authority granted to the Directors as referred to in (a)(iv) below;

- (iii) conditional on the [REDACTED] becoming unconditional, a general mandate (“**Buy-back Mandate**”) be and is hereby given to our Directors to exercise all powers of our Company to buy back on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of the Shares in issue immediately following the completion of the Share Subdivision and the [REDACTED] and taking no account of Shares to be issued pursuant to the exercise of the [REDACTED];
  - (iv) the general mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iv) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Share Subdivision and the [REDACTED], excluding any Shares which may fall to be issued pursuant to the exercise of the [REDACTED]); and
- (b) our Company approved and adopted the Memorandum and the Articles of Association with effect conditional and immediately upon the [REDACTED].

Each of the general mandates referred to in paragraphs (a)(ii), (a)(iii) and (a)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company is required by any applicable laws or the Articles of Association to hold our next annual general meeting; or

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- the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

### 5. Buy-back of our Shares

This section includes information relating to the buy-backs of securities, including information required by the Stock Exchange to be included in this document concerning such buy-back.

#### (a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

##### (i) *Shareholders' approval*

All proposed buy-backs of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of the shareholders of our Company passed on [●], a general unconditional mandate (the "**Buy-back Mandate**") was given to our Directors to exercise all powers of our Company to buy back Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued under the [REDACTED]), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

##### (ii) *Source of funds*

Any buy-backs of Shares by us must be funded out of funds legally available for the purpose in accordance with our Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law,

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any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act.

### *(iii) Trading Restrictions*

The total number of shares which a listed company may buy back on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a buy-back (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such buy-back) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the buy-back would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a buy-back of securities discloses to the Stock Exchange such information with respect to the buy-back as the Stock Exchange may require.

### *(iv) Status of Bought back Shares*

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under Cayman Companies Act.

### *(v) Suspension of Buy-back*

A listed company may not make any buy-back of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a)

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the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not buy back its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a buy-back of securities on the Stock Exchange if a listed company has breached the Listing Rules.

### *(vi) Reporting Requirements*

Certain information relating to buy-backs of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding buy-backs of securities made during the year, including a monthly analysis of the number of securities bought back, the purchase price per share or the highest and lowest price paid for all such buy-backs, where relevant, and the aggregate prices paid.

### *(vii) Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

### ***(b) Reasons for buy-backs***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to buy back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such buy-backs will benefit our Company and our Shareholders.

### ***(c) Funding of buy-backs***

Buy-back of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not buy back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make

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buy-backs with profits of the Company or out of a new issuance of shares made for the purpose of the buy-back or, if authorised by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

### *(d) General*

The exercise in full of the Buy-back Mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the Share Subdivision and the [REDACTED], but the [REDACTED] is not exercised, could accordingly result in up to approximately [REDACTED] Share being bought back by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Buy-back Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buy-back Mandate is exercised.

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If, as a result of any buy-back of Shares, a shareholder’s proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-back Mandate.

Any buy-back of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

### B. CORPORATE REORGANIZATION

In preparation of the [REDACTED] and in order to streamline our corporate structure, we underwent and conducted the Reorganization before the [REDACTED]. Please see the section headed “History, Reorganization and Corporate Development – Reorganization” in this document for details.

### C. FURTHER INFORMATION ABOUT OUR BUSINESS

#### 1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this document and are or may be material:

- (a) an amended and restated exclusive business cooperation agreement dated [●], entered into between the WFOE and Shanghai Trueland (the “**Exclusive Business Cooperation Agreement**”), pursuant to which Shanghai Trueland agreed to engage WFOE as its exclusive services provider, providing services which may include all services within the business scope of Shanghai Trueland in return for service fee;
- (b) an amended and restated exclusive option agreement dated [●], entered into among the WFOE, Shanghai Trueland and its Registered Shareholders, namely, Mr. ZHAO Xulong, Ms. ZHU Shuina, Shanghai Hongyu, Hangzhou Charm, Ms. ZHAO Fangqi, Shanghai Zhiyu, Mr. TAN Kaihua, Jiaxing Hengjie, Ms. XU Wenhua and Mr. GUO Peimin (the “**Exclusive Option Agreement**”), pursuant to which the Registered Shareholders, jointly and severally, irrevocably agreed to grant the WFOE an irrevocable and exclusive option, exercisable in one or more times, to purchase or cause any person(s) designated by the WFOE to purchase, to the extent permitted under any applicable PRC laws, a portion of or all of the respective Registered

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Shareholders’ equity interests in Shanghai Trueland, at any time and from time to time, for a consideration equals to, as applicable, the minimum amount of consideration permitted by applicable PRC laws;

- (c) amended and restated share pledge agreements dated [●], entered into among the WFOE, Shanghai Trueland and each of the Registered Shareholders, pursuant to which each of the Registered Shareholders respectively agreed to unconditionally and irrevocably pledge all of their respective equity interests in Shanghai Trueland that they legally own to the WFOE as a first security interest to guarantee the timely and complete payment and performance of contractual obligations under the relevant Contractual Arrangements;
- (d) amended and restated loan agreements dated [●] entered into among the WFOE and the Registered Shareholders, pursuant to which the WFOE agreed to provide loans to the Registered Shareholders, to be used exclusively as investment in Shanghai Trueland. The loans must not be used for any other purposes without the WFOE’s prior written consent; and
- (e) the [REDACTED].

**2. Intellectual property rights**

**(a) Trademarks**

As at the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered Owner	Registration No.	Class	Expiry Date
1.		PRC	Shanghai Trueland	17401319	38	May 6, 2027
2.		PRC	Shanghai Trueland	17401318	42	May 6, 2027
3.		PRC	Shanghai Trueland	33343971	42	May 13, 2029
4.		PRC	Shanghai Trueland	17401320	35	May 6, 2027
5.		PRC	Shanghai Trueland	17401321	9	May 6, 2027
6.		PRC	Shanghai Trueland	33343943	9	July 13, 2029
7.		PRC	Shanghai Trueland	60265001	9	April 20, 2032

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No.	Trademark	Place of registration	Registered Owner	Registration No.	Class	Expiry Date
8.		PRC	Shanghai Trueland	60261955	42	April 27, 2032
9.		PRC	Shanghai Trueland	60248950	38	April 27, 2032
10.		PRC	Shanghai Trueland	60248926	35	April 20, 2032
11.		Hong Kong	Shanghai Trueland	305639743	9, 35, 36, 42	May 27, 2031
12.		Hong Kong	Shanghai Trueland	305638834	9, 35, 36, 42	May 26, 2031
13.		Hong Kong	Shanghai Trueland	305639752	9, 35, 36, 42	May 27, 2031

**(b) Patents**

As of the Latest Practicable Date, we had owned the following patents which we consider to be or may be material in relation to our Group's business:

No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
1.	A Character and Image Verification Code Recognition Method Based on Recognition Feedback (一種基於識別反饋的字符圖像驗證碼識別方法)	Shanghai Trueland	ZL201210349375.X	Invention	April 27, 2016
2.	A Cloud-based Information Storage System Based on Data Encryption (一種基於數據加密的雲端信息存儲系統)	Shanghai Trueland	ZL201910725908.1	Invention	March 30, 2021

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No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
3.	An Image Data Processing Method and System (一種圖像數據處理方法及系統)	Shanghai Trueland	ZL202111108097.4	Invention	July 12, 2022
4.	An Enterprise Information Management Cloud Platform Based on Marketing Big Data (一種基於營銷大數據的企業信息化管理雲平台)	Shanghai Trueland	ZL202010108224.X	Invention	May 27, 2022
5.	A New Retail Marketing Service System Based on Marketing Cloud Data (一種基於營銷雲數據的新零售營銷服務系統)	Shanghai Trueland	ZL201911202600.5	Invention	April 15, 2022
6.	An Intelligent Marketing Training System for Colleges and Universities Based on Cloud Computing (一種基於雲計算的院校用智能營銷實訓系統)	Shanghai Trueland	ZL201911076846.2	Invention	May 27, 2022

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No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
7.	An Intelligent Educational Administration Analysis and Management System Based on Big Data (一種基於大數據的智能教務分析管理系統)	Shanghai Trueland	ZL201911018151.9	Invention	April 19, 2022
8.	An Intelligent Marketing Cloud Service Platform Based on AI and Big Data (一種基於AI和大數據的智能營銷雲服務平台)	Shanghai Trueland	ZL201910849102.3	Invention	March 29, 2022
9.	A Multi-cloud Information Processing System and Its Resource Sharing Method (一種多雲端信息處理系統及其資源共享方法)	Shanghai Trueland	ZL201910344678.4	Invention	July 16, 2021
10.	A Method and System for Intelligently Optimizing Cloud Information Management (一種智能優化管理雲端信息的方法及系統)	Shanghai Trueland	ZL201910240254.3	Invention	November 12, 2021

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No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
11.	An Advertisement Flow Prediction Method and Device (一種廣告流量預測方法及裝置)	Shanghai Trueland	ZL201511024079.2	Invention	July 28, 2020
12.	A Network Data Intelligent Distribution Service System (一種網絡數據智能分發服務系統)	Shanghai Trueland	ZL202011509846.X	Invention	September 20, 2022
13.	A Method and System for Safely Obtaining Position of Mobile Terminal (一種安全獲取移動終端位置的方法及系統)	Shanghai Trueland	ZL201910238154.7	Invention	September 27, 2022

**(c) Copyrights**

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material in relation to our Group's business:

No.	Copyright	Registration number	Date of initial publication/ registration
1.	Big data precision marketing training system V1.0 (大數據精準營銷實訓系統V1.0)	2022SR0267087	April 14, 2021
2.	Big data-based SCRM social customer service management platform V1.0 (基於大數據的SCRM社會化客戶服務管理平台V1.0)	2022SR0267100	December 16, 2021

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<b>No.</b>	<b>Copyright</b>	<b>Registration number</b>	<b>Date of initial publication/ registration</b>
3.	Internet-based SCRM social customer relationship maintenance and management system V2.2.1 (基於互聯網的SCRM社會化客戶關係維護管理系統V2.2.1)	2021SR1696552	April 9, 2021
4.	Internet-based intelligent writing service platform V1.0 (基於互聯網的智能寫作服務平台V1.0)	2021SR1034641	January 8, 2021
5.	Video automatic generation and play software V1.0 (視頻自動生成播放軟件V1.0)	2021SR1028605	May 6, 2021
6.	Internet-based video rendering management system V1.0 (基於互聯網的視頻渲染管理系統V1.0)	2021SR1026249	March 18, 2021
7.	Internet-based information distribution management system V1.0 (基於互聯網的信息分發管理系統V1.0)	2021SR1026250	March 29, 2021
8.	Video clip production visualization management system V1.0 (視頻剪輯生產可視化管理系統V1.0)	2021SR0548998	August 20, 2020
9.	Internet-based intelligent writing assistant software V1.0 (基於互聯網的智能寫作助手軟件V1.0)	2021SR0541853	February 5, 2020
10.	Big data-based writing data processing system V1.0 (基於大數據的寫作數據處理系統V1.0)	2021SR0542531	October 7, 2020

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<b>No.</b>	<b>Copyright</b>	<b>Registration number</b>	<b>Date of initial publication/ registration</b>
11.	Big data-based image generation service management platform V1.0 (基於大數據的圖像生成服務管理平台V1.0)	2021SR0539319	May 10, 2020
12.	Video intelligent clipping cover system V1.0 (視頻智能截選封面系統V1.0)	2019SR0777212	May 16, 2019
13.	Internet-based data processing system V1.0 (基於互聯網的數據處理系統V1.0)	2021SR1483687	March 26, 2021
14.	Advertising content distribution network promotion platform V1.0 (廣告內容分發網絡推廣平台V1.0)	2021SR0062802	January 13, 2021
15.	Distribution mall management system V1.0 (分銷商城管理系統V1.0)	2021SR0056323	January 12, 2021
16.	Video image subtitles rapid generation software V1.0 (視頻圖像字幕快速生成軟件V1.0)	2021SR0056544	January 12, 2021
17.	Cloud computing-based intelligent mall service software V1.0 (基於雲計算的智能化商城服務軟件V1.0)	2020SR1270130	September 18, 2020
18.	Cross-platform visualization analysis platform V1.0 (跨平台可視化分析平台V1.0)	2019SR0246503	October 11, 2018
19.	Big data visualization platform V1.0 (大數據可視化平台V1.0)	2019SR0210905	November 3, 2018
20.	Cloud computing-based data storage system V1.0 (基於雲計算的數據存儲系統V1.0)	2021SR1483681	July 22, 2021

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<b>No.</b>	<b>Copyright</b>	<b>Registration number</b>	<b>Date of initial publication/ registration</b>
21.	Short video content automatic generation system V1.0 (短視頻內容自動生成系統V1.0)	2021SR0128161	January 22, 2021
22.	Internet-based social media integrated marketing system V1.0 (基於互聯網的社交媒體整合營銷系統V1.0)	2021SR0124001	January 22, 2021
23.	Deep learning-based data intelligent distribution computing software V1.0 (基於深度學習的數據智能分發計算軟件V1.0)	2021SR0929769	May 5, 2021
24.	Intelligent picture design effect preview and display software V1.0 (圖片設計效果智能預覽展示軟件V1.0)	2021SR0909781	February 25, 2021
25.	Cloud computing technology-based data distribution processing software V1.0 (基於雲計算技術的數據分發處理軟件V1.0)	2021SR0909779	April 12, 2021
26.	Short video operation and promotion training system V1.0 (短視頻運營與推廣實訓系統V1.0)	2022SR0263574	June 11, 2021
27.	Hubei Trueland True Client SCRM Platform V1.0 (湖北珍島珍客SCRM平台V1.0)	2022SR0941712	June 2, 2022
28.	Hubei Trueland CDP-intelligent vehicle customer data platform software V1.0 (湖北珍島CDP-智能汽車客戶數據平台軟件V1.0)	2022SR0941773	April 15, 2022

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No.	Copyright	Registration number	Date of initial publication/ registration
29.	Hubei Trueland CDP- intelligent retail management system software V1.0 (湖北珍島 CDP-智慧零售管理系統軟件V1.0)	2022SR0997861	March 25, 2022
30.	Hubei Trueland CDP- intelligent vehicle distributor management system software V1.0 (湖北珍島CDP-智能汽車經銷商管理系統軟件V1.0)	2022SR0997254	March 20, 2022

**(d) Domain Names**

As at the Latest Practicable Date, we have registered following domain names which we consider to be or may be material to our business:

No.	Domain Names	Registered Owner	Registration Date
1.	kaililong.com	Shanghai Kaililong	May 19, 2023
2.	71360.com	Shanghai Trueland	November 24, 2022
3.	marketingforce.com	Shanghai Trueland	December 16, 2022
4.	dongchali.cn	Dongchali	August 9, 2023
5.	dongchali.com	Dongchali	August 1, 2023
6.	021team.com	Dongchali	August 1, 2023
7.	dianshanghui.com	Wuxi Trueland	April 28, 2020
8.	yihuozhijia.cn	Wuxi Trueland Intelligence	February 25, 2020
9.	yihuozhijia.com	Wuxi Trueland Intelligence	February 25, 2020

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

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### D. FURTHER INFORMATION ABOUT OUR DIRECTORS

#### 1. Directors' service contracts and appointment letters

Each of our Director has entered into a service contract with our Company on [●]. The principal particulars of these service contracts are (a) for a term of three years commencing from their respective effective date of appointment until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

#### 2. Remuneration of Directors

Remuneration and benefits in kind of approximately RMB2.3 million, RMB1.8 million and RMB7.1 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2021, 2022 and 2023.

Under the arrangements currently in force, we estimate the total remuneration (before tax) payable to Directors for the year ending December 31, 2024 will be approximately RMB7.2 million.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, during the Track Record Period, no other payments have been made or are payable by our Group to any of the Directors.

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**E. DISCLOSURE OF INTERESTS**

**1. Disclosure of interests**

*(a) Interests and short positions of our Directors or chief executive in our share capital and our associated corporations as of the Latest Practicable Date and following the Share Subdivision and the [REDACTED]*

Immediately following completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised, and without taking into account the RSU Scheme), the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

*(i) Interest in Shares*

Name of Directors or chief executive	Capacity/Nature of interest	Number of shares (as adjusted after the Share Subdivision)	Approximate percentage of shareholding immediately before the Share Subdivision and the [REDACTED]	Approximate percentage of shareholding immediately after the Share Subdivision and the [REDACTED] <sup>(1)</sup>
Mr. Zhao <sup>(2)</sup>	Interest in controlled corporations, interest of spouse	[116,925,000]	51.01%	[REDACTED]%
XU Jiankang <sup>(3)</sup>	Interest in controlled corporation	[19,251,800]	8.40%	[REDACTED]%
ZHAO Fangqi <sup>(4)</sup>	Interest in controlled corporation	[15,401,000]	6.72%	[REDACTED]%

*Notes:*

- (1) The table above is calculated on the basis that the total of [REDACTED] Shares will be in issue immediately after completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) As of the Latest Practicable Date, Mr. Zhao is deemed to be interested in a total of 11,692,500 Shares comprising (i) 5,440,760 Shares through Willam Zhao Limited, a company wholly owned by Mr. Zhao; (ii) 283,700 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao; and (iii) 5,968,040 Shares through Shuina Zhu Limited, a company wholly owned by Ms. Zhu, the spouse of Mr. Zhao.

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- (3) As of the Latest Practicable Date, Mr. XU Jiankang is deemed to be interested in a total of 1,925,180 Shares indirectly through Shanghai Hongyu Limited. Shanghai Hongyu Limited is incorporated as our offshore employee stock ownership platform and owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group as to 39.41% and 60.59%, respectively. As such, Mr. XU Jiankang is deemed to be interested in the Shares held by Shanghai Hongyu Limited.
- (4) As of the Latest Practicable Date, Ms. ZHAO Fangqi is deemed to be interested in a total of 1,540,100 Shares indirectly through Fangqi Zhao Limited, which is wholly owned by Ms. ZHAO Fangqi. Under the SFO, Ms. ZHAO Fangqi is deemed to be interested in the Shares held by Fangqi Zhao Limited.

(ii) *Interest in associated corporations*

Name	Position in our Group	Name of associated corporations	Percentage Shareholding in our associated corporations
Mr. Zhao <sup>(1)</sup>	Chairman of the Board, executive Director and chief executive officer	Shanghai Trueland	39.85% (Beneficial owner) 33.70% (Interest of spouse)
XU Jiankang <sup>(2)</sup>	Executive Director and senior vice president	Shanghai Trueland	10.87% (Interest in controlled corporation)
ZHAO Fangqi <sup>(3)</sup>	Non-executive Director	Shanghai Trueland	8.70% (Beneficial owner)

*Notes:*

- (1) As of the Latest Practicable Date, Mr. Zhao controls 73.55% of the equity interest in Shanghai Trueland, including (i) directly holds 39.85% of the equity interest, (ii) deemed to have 33.70% of the equity interest held by Ms. Zhu, the spouse of Mr. Zhao.
- (2) As of the Latest Practicable Date, Mr. XU Jiankang is deemed to control 10.87% of the equity interest in Shanghai Trueland indirectly through Shanghai Hongyu, which is owned as to 39.41% by Mr. XU Jiankang, the general partner of Shanghai Hongyu.
- (3) As of the Latest Practicable Date, Ms. ZHAO Fangqi directly controls 8.70% of the equity interest in Shanghai Trueland.

**(b) *Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO***

For information on the persons who will, immediately following the completion of the Share Subdivision and the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to the section headed “Substantial Shareholders” in this document.

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Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED], be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

### 2. Disclaimers

Save as disclosed in this section, "Directors and Senior Management" and "[REDACTED]":

- (a) none of the Directors or any experts named in the paragraph headed "G. Other Information – 4. Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or any experts named in the paragraph headed "G. Other Information – 4. Consents of Experts" below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (c) none of our Directors or any of experts named in the paragraph headed "G. Other Information – 4. Consents of Experts" below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) taking no account of any Shares which may be taken up under the [REDACTED] and allotted and issued to pursuant to the RSU Scheme, so far as is known to any Director or chief executive of the Company, no other person will, immediately following completion of the [REDACTED], have interests or short positions in our Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;
- (e) none of the Directors or chief executive of the Company has any interests or short positions in our Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein,

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or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once our Shares are listed thereon; and

- (f) as far as is known to our Directors, none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

### F. RSU SCHEME

#### 1. Summary of Terms

The following is a summary of the principal terms of the RSU Scheme of the Company as approved and adopted by the Board on November 10, 2021 (the “**Adoption Date**”) and amended from time to time. The RSU Scheme is funded solely by the existing Shares of the Company held by Isle Wealth. Therefore, the RSU Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules after the [REDACTED].

##### (a) Purpose

The purpose of the RSU Scheme is to recognize and reward part of the employees (including directors, officers and members of senior management) of the Group for their contribution to the Group, to attract the best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group’s business.

##### (b) Who may join

Those who may be eligible to participate in the RSU Scheme (the “**RSU Participants**”) include any employee of the Group, including employees (including directors, officers and members of senior management) of the Group. Subject to the terms of the RSU Scheme, the administrator designated by the Board from time to time (the “**Administrator**”, and being Mr. Zhao as of the Latest Practicable Date) may, from time to time, select from among all eligible RSU Participants to whom awards of RSUs (“**Awards**”) shall be granted, and determine, among other things, the amount of Awards.

##### (c) RSU Limit

The total number of shares underlying the RSU Scheme shall not exceed 1,052,640 (being the initial 52,632 shares of the Company with par value of US\$0.0001 as adjusted by the 2022 Share Subdivision and subject to further adjustment by the Share Subdivision), provided that the Board may, at its discretion, increase such total number. Shares as of the Adoption Date of the RSU Scheme were initially held by Isle Wealth,

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representing approximately [REDACTED]% of the issued Shares upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised). Isle Wealth Limited, holding the unvested Shares in accordance with this Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules and the provisions of the memorandum and articles of association of the Company, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

The Company will ensure that subject to any applicable laws, regulations and rules: (a) upon the completion of the [REDACTED], the maximum limit of the total number of the shares to be issued by the Company under the RSU Scheme in any financial year will not exceed 3% of the total Shares in issue as at the beginning of that financial year; (b) the total number of shares issued and to be issued to a grantee in any 12-month period will not exceed 1% of the total number of shares in issue at any time during this 12-month period; and (c) to the extent that any Award under the RSU Scheme is canceled, expired, forfeited, surrendered, or otherwise terminated without delivery of shares to the RSU Participants, in whole or in part, or any RSU lapses, the shares underlying the RSUs shall not be deemed to have been delivered under the RSU Scheme and will be available for future Awards under the RSU Scheme.

### *(d) Administration*

The RSU Scheme shall be subject to the administration of the Administrator in accordance with the terms and conditions of the RSU Scheme. The Administrator shall have the sole and absolute right to:

- (i) to interpret and construe the provisions of the RSU Scheme;
- (ii) to determine the persons who will be granted Awards under the RSU Scheme, the terms and conditions on which Awards are granted, and when the RSUs granted pursuant to RSU Scheme may vest;
- (iii) to make such appropriate and equitable adjustments to the terms of the Awards granted under this Scheme as it deems necessary;
- (iv) to make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i) and (ii); and
- (v) All the decisions, determinations and interpretations made by the Administrator in accordance with the RSU Scheme shall be final, conclusive and binding on all parties.

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### *(e) Grant of Awards*

The Administrator is authorized to, at any time during the term of the RSU Scheme to make a grant of Awards ("**Grant**") to any RSU Participant, as the Administrator may in its absolute discretion determine. The amount of an Award may be determined at the sole and absolute discretion of the Administrator and may differ among selected RSU Participants. The consideration payable by a RSU Participant to the trustee of the RSU Scheme ("**Trustee**") for acceptance of the Award under the RSU Scheme shall be determined at the sole and absolute discretion of the Administrator and any such consideration shall be held by the Trustee and be applied by the Trustee as it deems appropriate or desirable in accordance with the terms of the RSU Scheme.

Subject to limitations and conditions of the RSU Scheme, the Administrator may authorize the relevant Trustee by written notification to grant to each of the RSU Participants an offer of a grant of Award by way of a grant agreement, a letter or any such notice or document in such form as the Administrator may from time to time determine ("**Notice of Grant**") for acceptance by the selected RSU Participants who accepts a Grant in accordance with the terms of the RSU Scheme ("**Grantee**", including any person who is entitled to any Award in consequence of the death of the original Grantee), subject to additional terms and conditions that the Administrator thinks fit which shall be stated in the Notice of Grant.

### *(f) Restrictions on Grant*

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any selected RSU Participant at a time when the selected RSU Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law. For as long as the Shares are listed on the Stock Exchange:

- (i) a Grant must not be made after inside information has come to the knowledge of the Administrator or the Company until such inside information has been announced in accordance with the requirements of the Listing Rules;
- (ii) a Grant shall not be made on any day on which the financial results of the Company are published and during the period of: (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and

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- (iii) if required by the Stock Exchange or the Listing Rules, the grant of an Award shall be subject to compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Upon completion of the [REDACTED], any Grant to any director, chief executive, substantial shareholder of the Company, or any of their respective associates (as defined under the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.95 of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his service contract.

The Administrator may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;
- (ii) the securities laws or regulations require that a document or other offering documents be issued in respect of the Grant or in respect of this Scheme;
- (iii) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors;
- (iv) the Grant would result in the breach of the RSU Limit stipulated in Clause 4 above or other rules of this Scheme.

### ***(g) Duration of the RSU Scheme***

The term of the RSU Scheme commenced on the Adoption Date and for a term of ten (10) years after Adoption Date unless sooner terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

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### *(h) Vesting of Awards*

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSUs granted in an Award shall be subject to a vesting period, which shall be no less than 12 months, and to the satisfaction of performance milestones or targets and/or other conditions to be determined by the Administrator (if any) in its sole and absolute discretion. If such conditions are not satisfied, the RSU shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Administrator in its sole and absolute discretion.

Subject to the to the terms of the RSU Scheme, the RSUs which have vested shall be satisfied at the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such RSUs, either by:

- (i) directing and procuring the relevant Trustee to transfer the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee or his wholly-owned entity (as represented by the Grantee); and/or
- (ii) directing and procuring the Trustee to pay to the Grantee in cash an amount which is equivalent to the market value of the Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares).

### *(i) Transferability*

Any RSU granted pursuant to the RSU Scheme shall be personal to the Grantee and shall not be assignable or transferable, except assignment or transfer from a Grantee to a company wholly owned by him or between two companies both of which are wholly owned by him. The terms of the RSU Scheme and the Notice of Grant shall be binding upon the assigns and transferees of the Grantee. Following an RSU Participant's death, Awards, to the RSUs are vested upon the Participant's death, they may be transferred by will or by the laws of descent and distribution.

No Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSU or any property held by the Trustee on trust for the Grantees, Awards, Shares underlying any Awards or RSUs or any interest or benefits therein.

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### *(j) Lapse*

Subject to the terms of the RSU Scheme, the unvested RSUs shall automatically lapse upon the earliest of:

- (i) the date of the termination of Grantee's employment or service by any member of the Group;
- (ii) the date on which the offer (or, as the case may be, revised offer) closes;
- (iii) the record date for determining emolument under the scheme of arrangement;
- (iv) the date of the commencement of the winding-up of the Company;
- (v) the date on which the Grantee commits a breach of transferability;
- (vi) the date on which it is no longer possible to satisfy any outstanding conditions to vesting;
- (vii) the Administrator has decided that the unvested RSUs shall not be vested for the Grantee in accordance with the rules of this Scheme and the terms and conditions as set out in the Notice of Grant.

### *(k) Alteration and termination of the RSU Scheme*

The Board may alter the RSU Scheme at any time in such respects as the Board may deem advisable, provided that the Company shall obtain necessary approval of any RSU Scheme amendment in such a manner and to such a degree as required.

Without altering the RSU Scheme, the Board may grant awards to RSU Participants on such terms and conditions different from those specified in the RSU Scheme as may in the judgment of the Board be necessary to foster and promote the achievement of the purposes of the RSU Scheme.

The RSU Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

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### 2. RSUs granted under the RSU Scheme

As of the Latest Practicable Date, our Company had granted Awards in the form of RSUs representing an aggregate of 1,052,640 Shares (being the initial 52,632 shares of the Company with par value of US\$0.0001 as adjusted by the 2022 Share Subdivision and subject to further adjustment by the Share Subdivision), representing [REDACTED]% of the issued Shares upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), to 13 employees of our Group, who are all Independent Third Parties.

### G. OTHER INFORMATION

#### 1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

#### 2. Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

#### 3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the [REDACTED] (including any Shares which may fall to be issued pursuant to the exercise of the [REDACTED]). All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Each of the Joint Sponsors confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with each of the Joint Sponsors, pursuant to which our Company agreed to pay the Joint Sponsors a total fee of US\$1,000,000 to act as sponsors to our Company in connection with the [REDACTED].

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### 4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

<b>Name</b>	<b>Qualification</b>
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
CCB International Capital Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
JunHe LLP	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Legal adviser as to Cayman Islands law
Ernst & Young	Certified Public Accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

### 5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since December 31, 2022 (being the date to which our latest audited consolidated financial statements were made up).

### 6. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

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### 7. Bilingual document

The English language and the Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

### 8. Compliance Adviser

Our Company have appointed Alliance Capital Partners Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

### 9. Preliminary expenses

As of Latest Practicable Date, our Company did not incur any material preliminary [REDACTED] expense of the [REDACTED].

### 10. Miscellaneous

- (1) Save as disclosed in “Financial Information” and “[REDACTED]”, within the two years immediately preceding the date of this document:
  - (a) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
  - (b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
  - (c) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group.
- (2) Save as disclosed in this section and “Financial Information”:
  - (a) no founder, management or deferred shares nor any debentures in any member of our Group;
  - (b) no share or loan capital or debenture of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
- (3) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document within the two years immediately preceding the date of this document.

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**APPENDIX IV**

**STATUTORY AND GENERAL INFORMATION**

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- (4) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.
- (5) Our Company has no outstanding convertible debt securities or debentures.
- (6) There is no arrangement under which future dividends are waived or agreed to be waived.
- (7) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this document.

## APPENDIX V

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

### FURTHER INFORMATION ABOUT OUR GROUP

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to under the section headed “Statutory and General Information – G. Other Information – 4. Consents of Experts” in Appendix IV; and
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – C. Further Information about Our Business – 1. Summary of the Material Contracts” in Appendix IV.

### DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.marketingforce.com](http://www.marketingforce.com) during a period of 14 days from the date of this document:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2021, 2022 and 2023;
- (e) the PRC legal opinions issued by JunHe LLP, our legal advisor as to PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this document;
- (g) the Cayman Companies Act;
- (h) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in the section headed “Industry Overview” in this document;

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**APPENDIX V**

**DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

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- (i) the written consents referred to under the section headed “Statutory and General Information – G. Other Information – 4. Consents of Experts” in Appendix IV;
- (j) the material contracts referred to in “Statutory and General Information – C. Further Information about Our Business – 1. Summary of Material Contracts” in Appendix IV;
- (k) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information – D. Further Information about our Directors – 1. Particulars of Directors’ service contracts and appointment letters” in Appendix IV; and
- (l) the terms of the RSU Scheme.