BUSINESS

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

BUSINESS

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

BUSINESS

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

BUSINESS

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

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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 milion 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.

BUSINESS

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.

BUSINESS

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
	(RMB in thousands, except percentages)					
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

BUSINESS

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

BUSINESS

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

BUSINESS

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:

	Marketing SaaS	Online Advertisement Solution Services	Online Advertisement Distribution Services
Service scope	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
Major customer types	B2B companies	B2C companies	B2C companies

BUSINESS

	Marketing SaaS	Online Advertisement Solution Services	Online Advertisement Distribution Services
Major media platforms	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

BUSINESS

	Marketing SaaS	Online Advertisement Solution Services	Online Advertisement Distribution Services
Revenue model	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
Traffic acquisition costs charged by media platforms	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
Pricing policies	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
Rebates from media platforms	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
Rebates to advertisers	N/A	We offer rebates to advertisers as incentives	We offer rebates to advertisers as incentives

BUSINESS

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	%
	(RMB in thousands, except percentages)					
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
Total	**877,231**	**100.0**	**1,142,776**	**100.0**	**1,232,120**	**100.0**

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.

BUSINESS

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 (%)
	(RMB in thousands, except percentages)					
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
Total	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 maketing 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 maketing 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.

BUSINESS

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:

| | **Year ended December 31,** | | |
	2021	**2022**	**2023**
Total users[1]	24,127	23,647	25,495
Average contract value per user (RMB)[2]	45,026	41,584	51,238
Subscription revenue retention rate[3]	136%	104%	87%
Subscription user retention rate[4]	76%	69%	69%
Monthly average revenue per user (RMB)[5]	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.

BUSINESS

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:

	For the year ended December 31,		
	2021	**2022**	**2023**
T Cloud	23,826	22,855	23,996
True Client	443	1,036	1,810
Total[(1)(2)]	24,269	23,891	25,806

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."

BUSINESS

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:
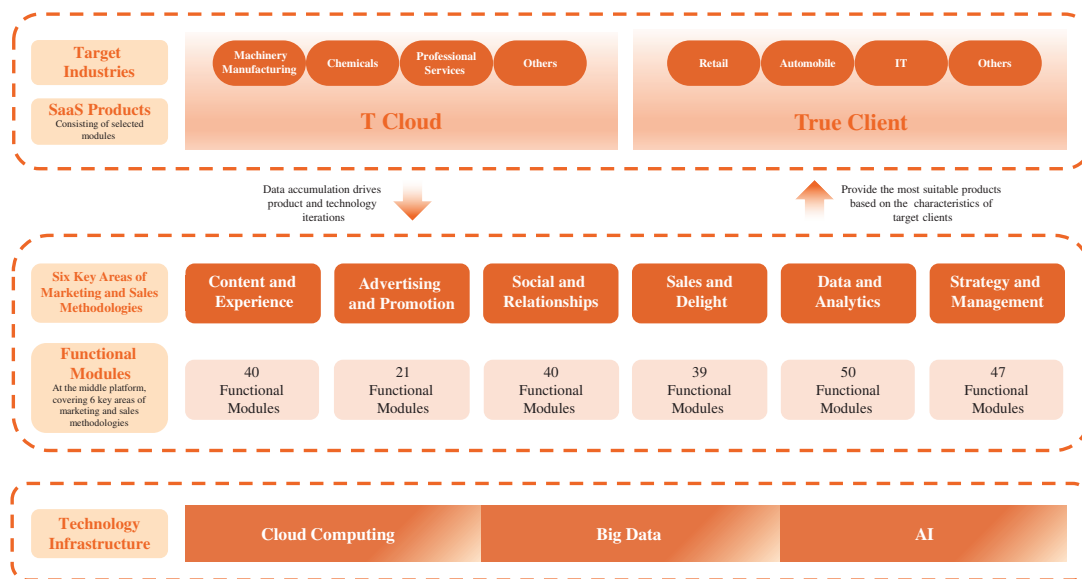
Technology platform. Marketingforce Platform is powered by cloud computing, big data and AI technologies. Leveraging our cloud computing capabilities, we structure the Marketingforce platform to consist of the technology infrastructure layer, the data middle platform and the SaaS layer, which together 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.

BUSINESS

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:

Six Key Areas of Marketing and Sales Methodologies	Number of Functional Modules	Feature Description
Content and Experience	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.
Advertising and Promotion	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.
Social and Relationships	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.

BUSINESS

Six Key Areas of Marketing and Sales Methodologies	Number of Functional Modules	Feature Description
Sales and Delight	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.
Data and Analytics	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.
Strategy and Management	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:
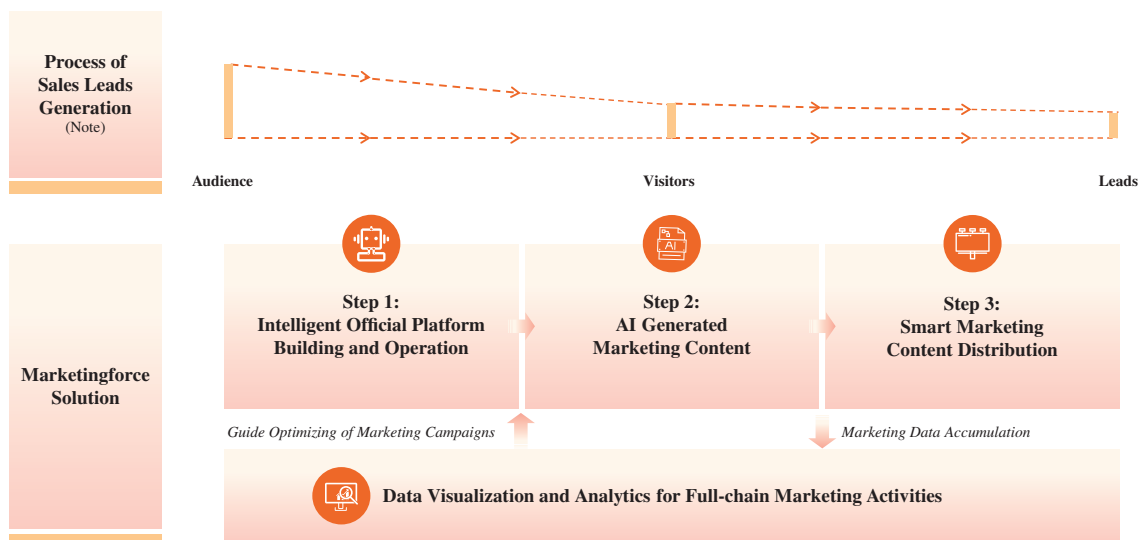
Note: The height of bars is indicative of the number of potential customers that our SaaS products address in the respective step of the full marketing process, in which a narrowing scope of more targeted leads are screened out.

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.

BUSINESS

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

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.

BUSINESS

The following screenshot illustrates the interface of our intelligent official platform builder function:

Templates for official platforms
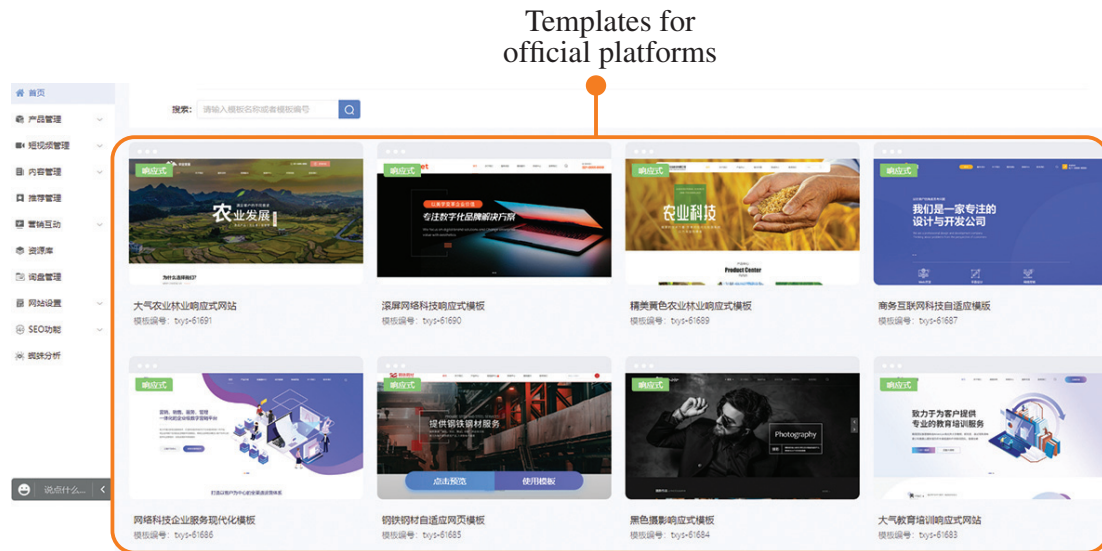
AI-Generated Marketing Content

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.

BUSINESS

- *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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

- *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:

Multi-dimensional evaluation of official website marketing effect

Run chart for overall traffic
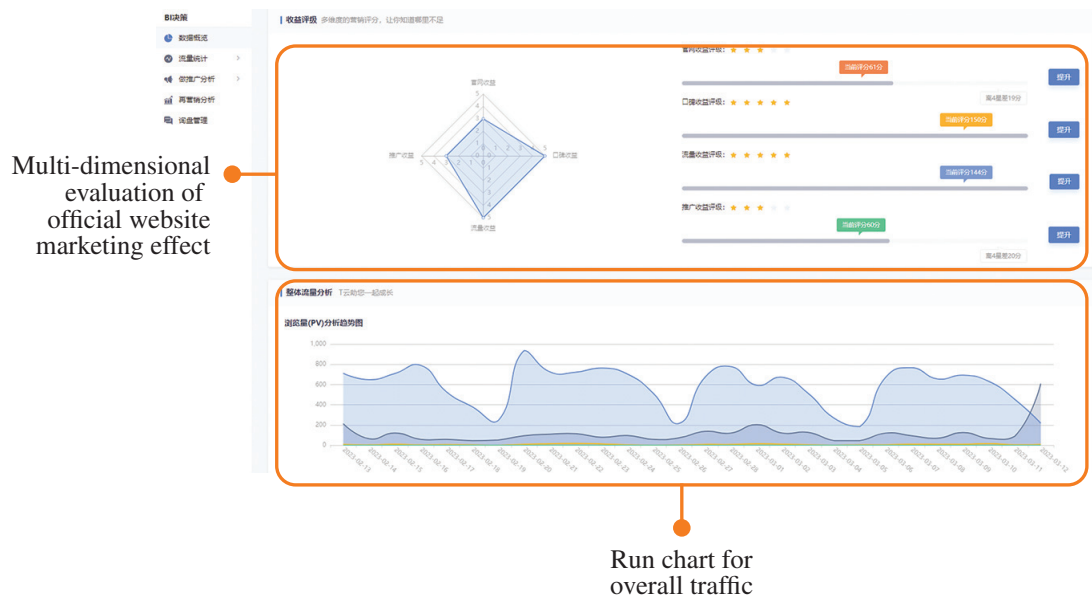
BUSINESS

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.
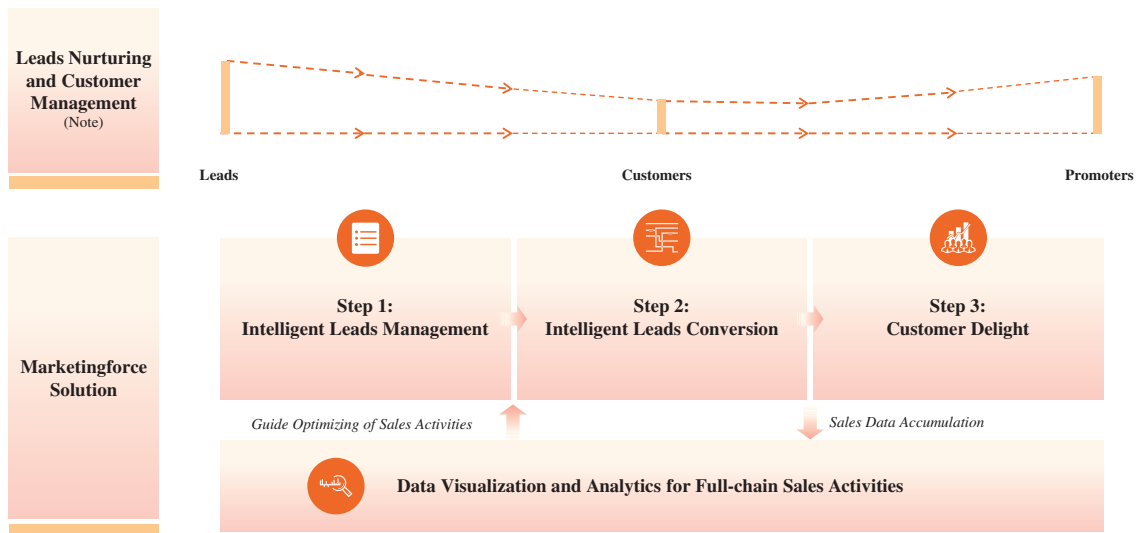
True Client (珍客)

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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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:

| Customer name | Allocated salesperson | Customer type | Customer profile |

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.
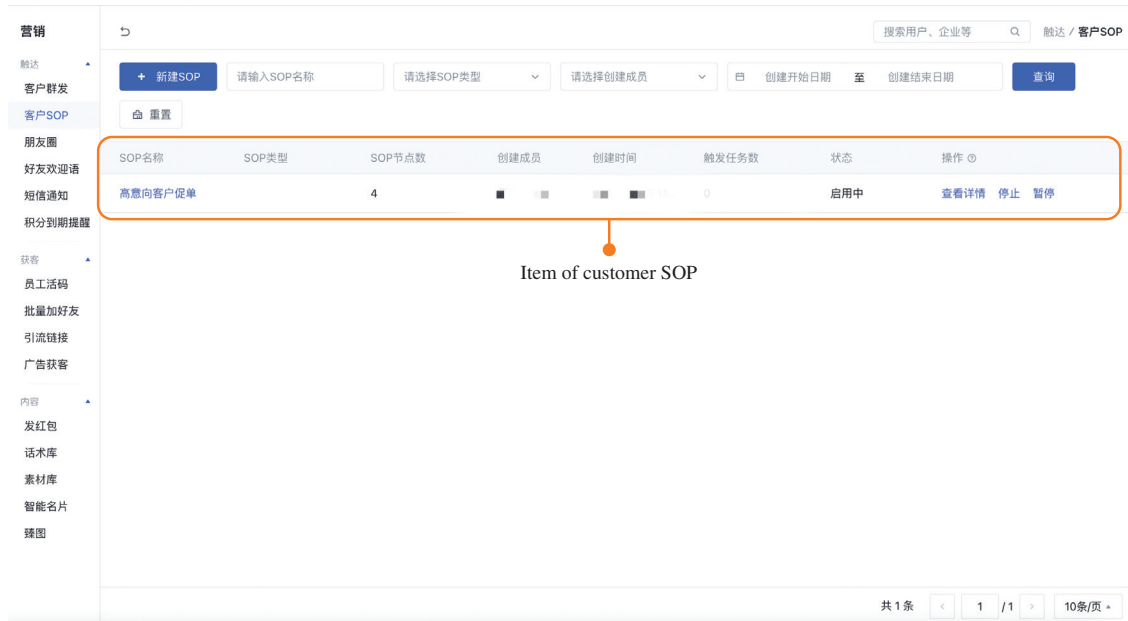
Automated Execution of Sales Activities

- *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.

BUSINESS

- *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:

Item of customer SOP

SOP rule setting interface

Types of SOP

Time to send

Reminder content

Message type

Message content

BUSINESS

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.

BUSINESS

The following screenshot illustrates the interface of the membership management function:

Member information   Membership level   Member rewards
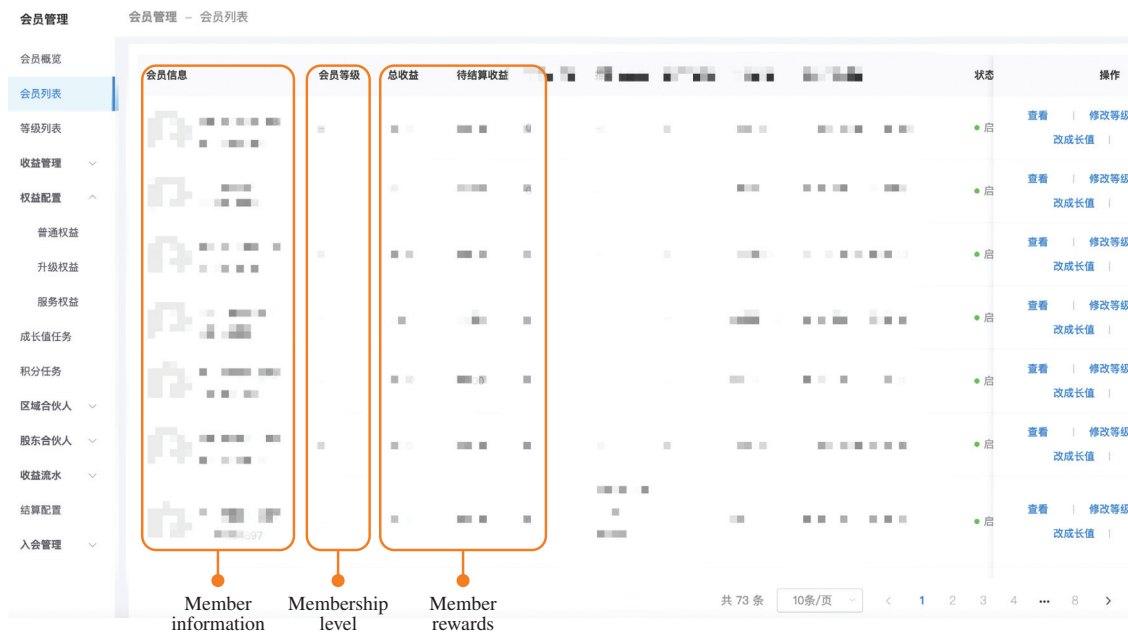
Social fission marketing for customer base expansion

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.

BUSINESS

The following screenshots illustrate the interface of the social fission marketing function:

Fission marketing campaigns
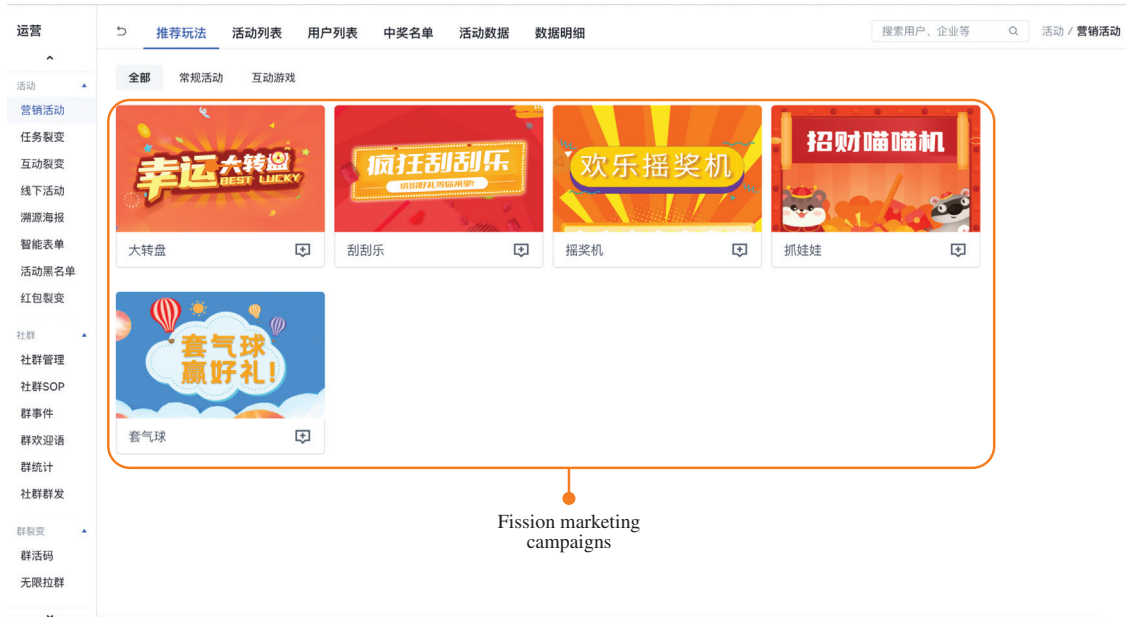
Data Visualization and Analytics for Full-chain Sales Activities

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.

BUSINESS

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):
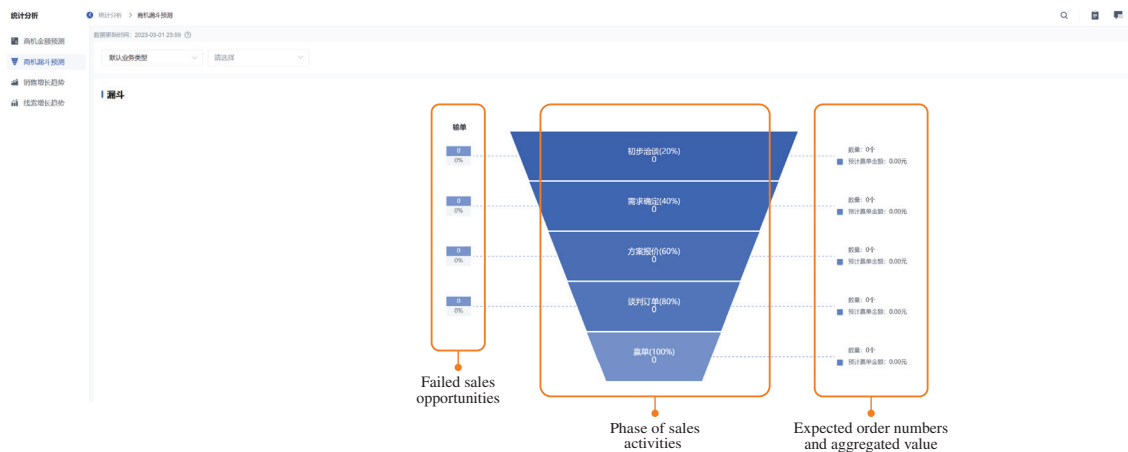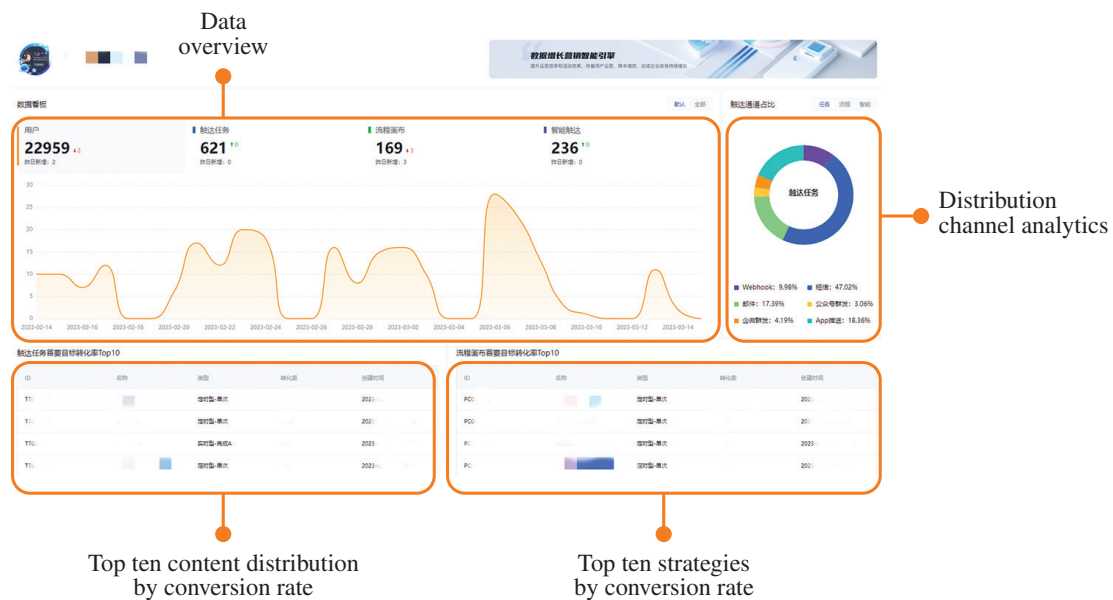

Professional Version

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

- *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**
	(RMB in thousands)		
12 months or below	454,377	348,861	539,841
12-24 months	52,606	72,183	148,456
Over 24 months	44,894	82,982	39,718
Total	**551,877**	**504,026**	**728,015**

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

BUSINESS

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

BUSINESS

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.

BUSINESS

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:
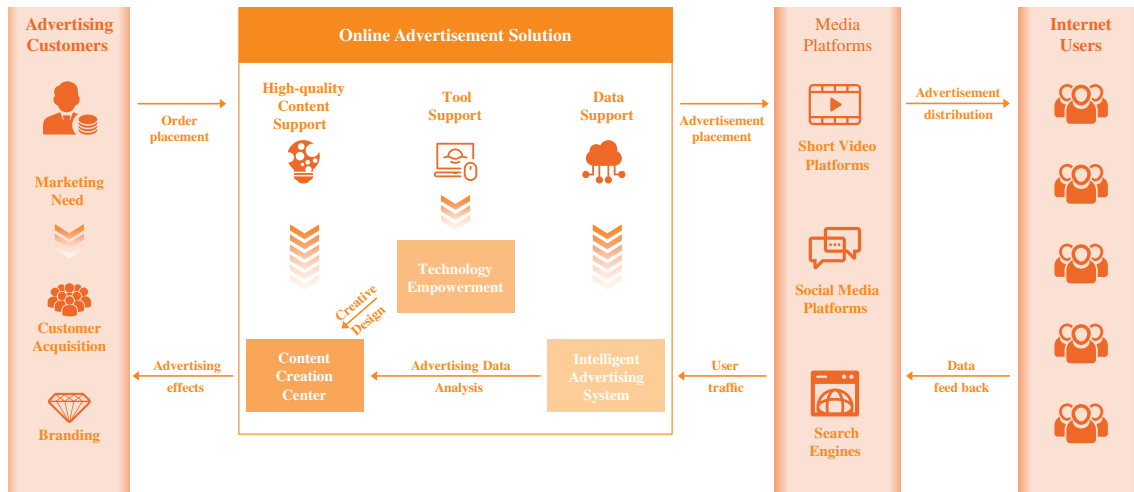
Business Flow

- ***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

BUSINESS

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.

BUSINESS

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.

BUSINESS

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:
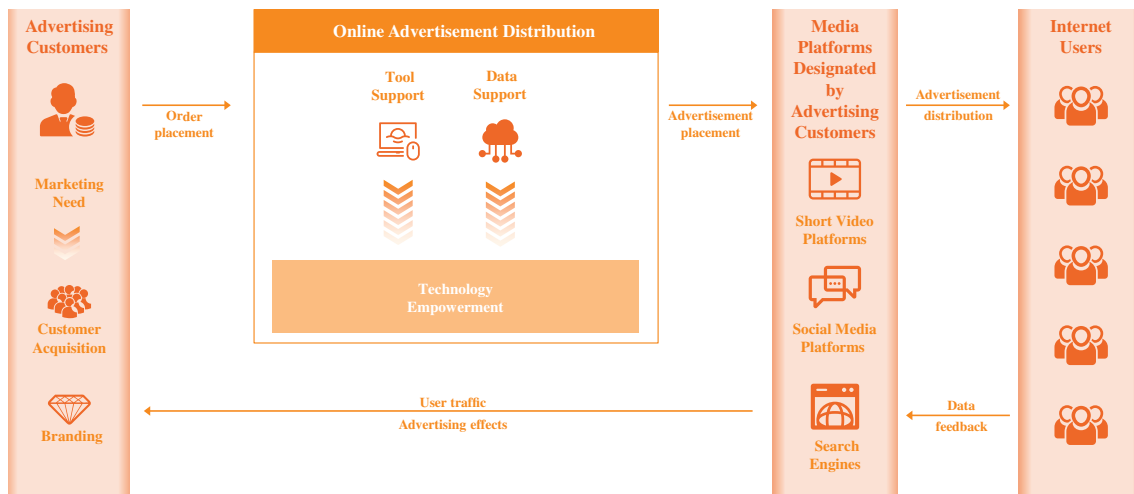
BUSINESS

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

BUSINESS

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)."

BUSINESS

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

BUSINESS

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
Online advertisement solution services:			
Average rebate rate received from media platforms[1]	9.3%	8.2%	6.4%
Average rebate rate offered to customers[2]	6.9%	6.7%	4.7%
Net rebate rate[3]	2.4%	1.5%	1.6%
Online advertisement distribution services:			
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

BUSINESS

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;

BUSINESS

(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

BUSINESS

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;

BUSINESS

(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

Rank	Media platform	Background	Gross spending	Percentage of total gross spending
			(RMB in thousands)	*(%)*
1	Media Platform A	A short video distribution platform operator	3,769,849	82.8

BUSINESS

Rank	Media platform	Background	Gross spending (RMB in thousands)	Percentage of total gross spending (%)
2	Media Platform D[4]	An online communication and social media service provider	366,339	8.0
3	Media Platform E[5]	A digital marketing platform operator	124,525	2.7
Total			**4,260,713**	**93.5%**

For the year ended December 31, 2022

Rank	Media platform	Background	Gross spending (RMB in thousands)	Percentage of total gross spending (%)
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
Total			**5,591,227**	**96.7%**

BUSINESS

For the year ended December 31, 2023

Rank	Media platform	Background	Gross spending	Percentage of total gross spending
			(RMB in thousands)	*(%)*
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
Total			6,094,253	98.1

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.

BUSINESS

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			
(in millions)	175,972	267,870	395,373
Number of clicks			
(in millions)	3,659	5,911	10,281
Click-through rate (%)[1]	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.

BUSINESS

The following table sets forth a breakdown of our selected financial indicators generated from our precision marketing services by service types:

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Online advertisement solution services			
Gross billing	355,330	529,158	445,033
Revenue	355,330	529,158	445,033
Cost of services[(1)]	346,870	521,216	437,685
Gross profit[(2)]	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.

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Online advertisement distribution services			
Gross billing	4,291,377	5,346,731	5,863,040
Less: Advertising traffic costs[(1)]	4,208,118	5,262,990	5,778,331
Revenue	83,259	83,741	84,709
Cost of services[(2)]	9,004	4,330	2,030
Gross profit[(3)]	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.

BUSINESS

(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

BUSINESS

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[1]:

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[2]:

Time of establishment	Number of new sales offices	Year ended December 31,		
		2021	2022	2023
		(RMB in thousands)		
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

BUSINESS

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.
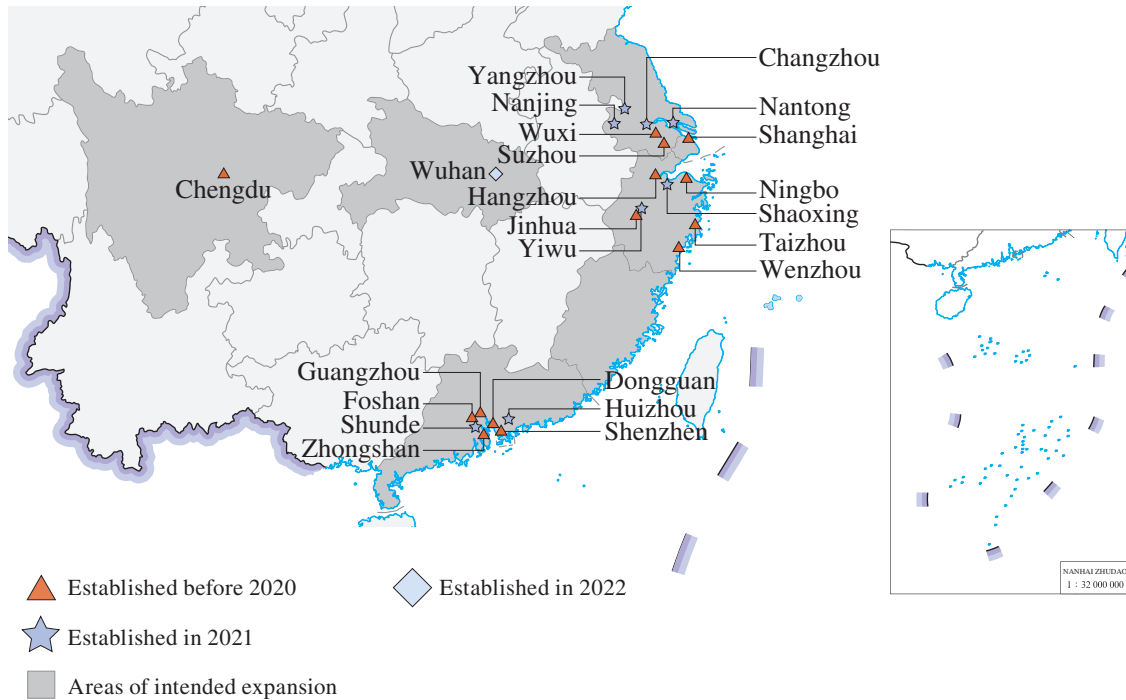
We typically award our direct sales staff monthly incentives based on their performance. For example, we grant our direct sales staff an incentive based on the newly signed subscription contract value for the standard version of T Cloud and True Client, at a rate primarily ranging from 10% to 30%. In 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.

BUSINESS

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	%
	(RMB in thousands, except percentage)					
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
Total	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.

BUSINESS

The following chart illustrates the transaction flow through direct sales and sales via our channel partners:
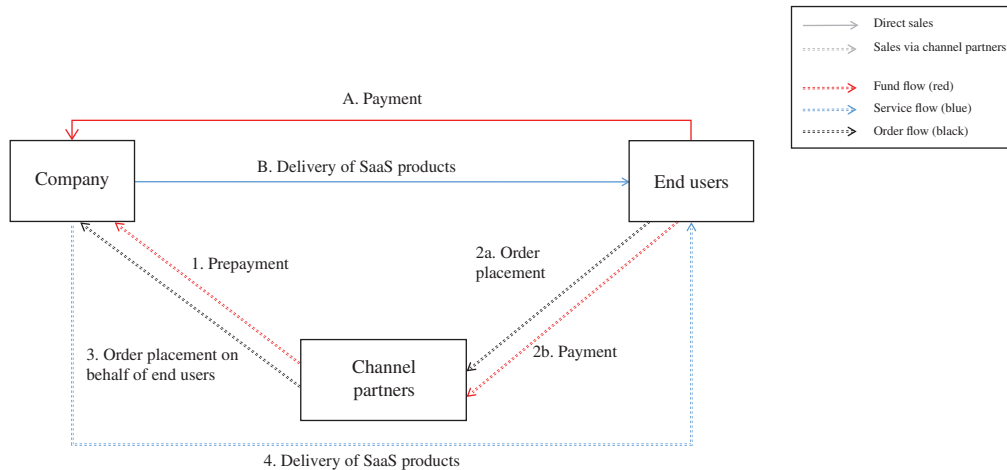
Transaction process with channel partners:

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.

BUSINESS

The following table sets forth the number of our channel partners and its changes in the years indicated:

	As of/Year ended December 31,		
	2021	**2022**	**2023**
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.

BUSINESS

- *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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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

BUSINESS

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 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
Total		354,255	40.5				

BUSINESS

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
Total		**571,373**	**50.0**				

BUSINESS

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
Total		524,764	42.6				

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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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

BUSINESS

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

BUSINESS

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 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
Total		**360,352**	**90.3**				

BUSINESS

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

BUSINESS

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 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 Depositary 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
Total		**538,240**	**92.4**				

BUSINESS

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[1]	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

BUSINESS

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[2]	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
Total		482,272	91.7				

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.

BUSINESS

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."

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

- *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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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
Total	**1,931**	**100.0**

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

BUSINESS

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 activites. 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 to 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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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_2 equivalent)	1,574	2,171	3,488
Scope 1 direct emissions (tonnes of CO_2 equivalent)	46	49	50
Scope 2 indirect emissions (tonnes of CO_2 equivalent)	1,528	2,122	3,439
Intensity of greenhouse gas emissions (tonnes of CO_2 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.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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 Shibei High-tech Market Supervision and Management Office and representatives from Shibei High-tech Industrial Park Institute, conducted an administrative inspection on the Allegations and performed a range of investigations.

BUSINESS

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.

BUSINESS

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.

BUSINESS

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

BUSINESS

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.

BUSINESS

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

BUSINESS

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; *Global Time*	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