
SUMMARY

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

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

OVERVIEW

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

We offer cloud-based SaaS products to enterprises to enable effective and efficient marketing and sales management for different use cases. During the Track Record Period, we primarily offer two signature SaaS products, T Cloud and True Client, which combines a series of functional modules respectively to address the pain points faced by enterprises in marketing and sales activities. We design and structure our SaaS products in a modular approach, providing flexibility in development, iteration and customization. As of December 31, 2023, we had 237 functional modules ready for use in our SaaS product. Users can subscribe and add additional functional modules to their subscribed SaaS product to achieve more personalized results.

Leveraging our marketing experiences accumulated for over a decade, we also provide advertising customers with two types of online marketing services, namely, online advertisement solution services and online advertisement distribution 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

SUMMARY

enterprises would improve their marketing results and conversion rate. Our online advertisement distribution services mainly involve account management as well as advertisement production and distribution.

At the core of our sales system is our direct sales team, which is dedicated to upholding our customer-centric tenet through 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 customers across the full spectrum of industries, presenting us with further cross-selling and up-selling opportunities.

In 2021, 2022 and 2023, the number of the users of our SaaS business amounted to 24,127, 23,647 and 25,495, respectively; during the same years, for our SaaS business, the average contract value per user of our SaaS business was RMB45,026, RMB41,584 and RMB51,238, respectively. We have also built a diversified customer base for precision marketing service business, with a proven track record for serving leading enterprises with a strong willingness to pay. In 2021, 2022 and 2023, we served 845, 998 and 1,042 advertising customers, respectively, with average spending per advertising customer being RMB5.5 million, RMB5.9 million and RMB6.1 million respectively.

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

SUMMARY

OUR PRODUCTS AND SERVICES

During the Track Record Period, we generated revenue from (i) SaaS products, represented by two signature SaaS products, T Cloud and True Client; and (ii) precision marketing services, including online advertisement solution services and online advertisement distribution services. The following table sets forth our revenue by business segment for the years indicated:

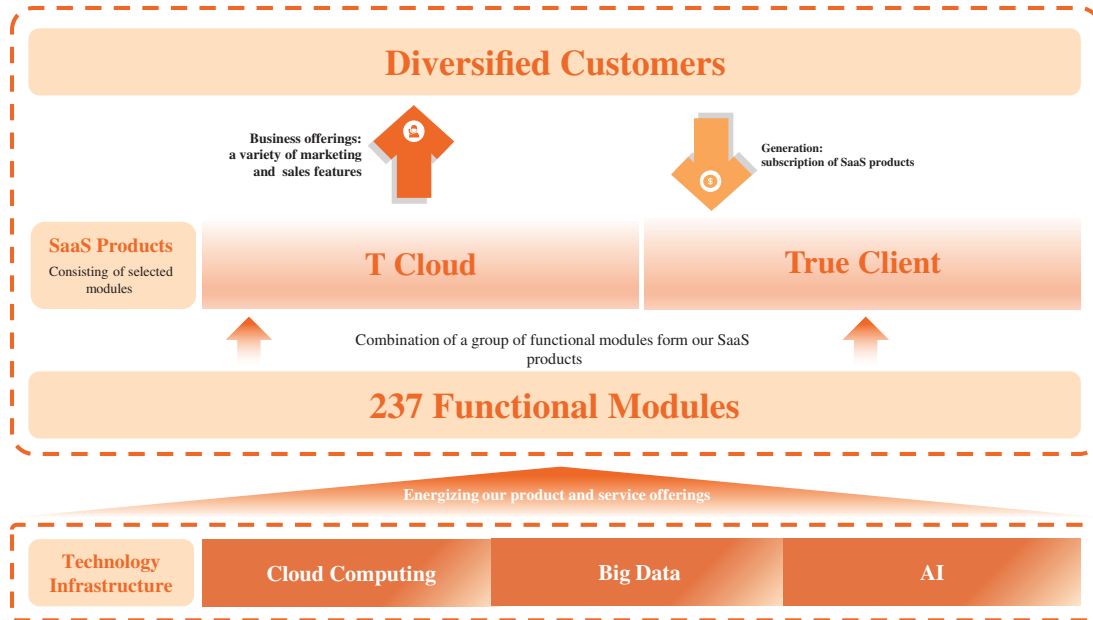
	Year ended December 31,					
	2021		2022		2023	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	438,642	50.0	529,877	46.4	702,378	57.0
Precision marketing services	438,589	50.0	612,899	53.6	529,742	43.0
– Online advertisement solution services	355,330	40.5	529,158	46.3	445,033	36.1
– Online advertisement distribution services	83,259	9.5	83,741	7.3	84,709	6.9
Total	<u>877,231</u>	<u>100.0</u>	<u>1,142,776</u>	<u>100.0</u>	<u>1,232,120</u>	<u>100.0</u>

SaaS Business

Software as a Service (SaaS) refers to application software that is managed, delivered, and owned by providers on a cloud infrastructure. It offers users easy access from various devices and typically charges on a subscription basis. We offer SaaS products to meet each user’s diverse needs for marketing and sales activities, helping business from various industries to acquire sales leads, improve conversion rate and grow sales at lower costs. During the Track Record Period, we primarily offer two signature SaaS products, T Cloud and True Client, targeting the marketing process and the sales process, respectively.

SUMMARY

We build and operate our SaaS business on our Marketingforce platform, consisting of our technology infrastructure, functional module layer and SaaS products. It represents our comprehensive capability in delivering effective marketing and sales SaaS products to our customers. The following diagram illustrates our Marketingforce platform:



Technology infrastructure. Our SaaS products are powered by cloud computing, big data and AI technologies. The cloud computing power ensure the stable performance of 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. 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.

Functional modules. A functional module is the smallest software unit that can perform a single function, such as creating dubbing or subtitles for a video, measuring visitors' engagement levels, or profiling members. A group of functional modules, when putting together, can realize a certain feature of the SaaS product, such as marketing content generation, marketing content distribution, marketing results monitoring and leads management and conversion, which forms a part of the entire marketing and sales process. We had developed and launched 237 functional modules as of December 31, 2023, facilitating our SaaS product development, iteration and upgrading. We continually iterate on these modules and develop new ones based on the latest industry trends and customer needs.

SUMMARY

SaaS products and diversified customer base. As any standalone functional module on a single basis cannot resolve enterprises’ marketing and sales pain points, we build and offer our marketing and sales SaaS product, by combining a series of functional modules, to comprehensively serve companies’ needs in their marketing and sales management process. T Cloud empowers 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.

During the Track Record Period, enterprises primarily purchase our SaaS products, T Cloud and True Client, to enable their marketing and sales management. After paying the standard subscription prices, users obtain the access to the functions under the subscribed products with limitation of the number of user accounts and usage limit contained therein. Users could purchase the access to additional user accounts and usage limit to upgrade its existing subscriptions. See “– SaaS Business – Pricing Model.”

Based on the comparison conducted by Frost & Sullivan through a scorecard methodology, we have the widest range of functions that are offered at large-scale across six key areas of modern marketing and sales SaaS. Six key areas of modern marketing and sales SaaS including content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management, addressing the entire journey of a customer from initial audience engagement to the final purchase.

Comprehensiveness of Our Products

Our products are considered to be comprehensive as compared with products which only address certain of the key areas. For example, some companies who accumulate large amount of enterprise information from their business operations would share such information, after consented by their clients, with other enterprises who might potentially become their customers. These companies, acted as lead generation platforms who bring new sales or partnership opportunities to their clients, provide such lead generation service only as a ancillary service. They do not usually extend additional sales management features, particularly in private traffic areas like WeChat and WeCom. Furthermore, these platforms often opt to bill their clients based on the quantity of leads produced, rather than including it as part of a comprehensive SaaS solution under a subscription fee model. This approach highlights their focus on generating sales numbers rather than providing a full suite of marketing and sales SaaS tools that cater to the entire customer lifecycle.

SUMMARY

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

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

Source: Frost & Sullivan

Note:

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

Some representative functions included in each key area are illustrated as following:

- Content and Experience includes functions on building various marketing platforms and automatically generating marketing contents empowered by AI technologies;
- Advertising and Promotion includes functions such as demand-side platform (DSP) and search engine marketing (SEM) solutions;
- Social and Relationship includes functions such as social customer relationship management solutions, marketing automation solutions and live streaming solutions;
- Sales and Delight includes functions such as sales leads management, sales pricing management and sales procedure management;

SUMMARY

- Data and Analytics includes functions such as business intelligence system, customer data platform (CDP) and data management platform (DMP);
- Strategy and Management includes functions such as marketing team management and marketing budgeting management.

T Cloud

T Cloud is our signature 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 to cover the entire marketing process. We offer various versions of T Cloud, containing different number of functional modules to realize different level of marketing demands of customers, and our customers typically select and subscribe the versions we provide. Enterprises rely on the comprehensive functions offered by T Cloud, instead of any particular functional module included therein, to address their pain points during the marketing process. The most basic version of T Cloud shall contain 38 specific functional modules to conduct a complete marketing process. We offer up to 89 functional modules under our T Cloud products. For some users with personalized preferences, they can flexibly customize their subscriptions by purchasing additional functional modules, or subscribing to higher usage limits for certain value of contracted products and services yet to be delivered to our customers and being RMB426.4 million as of December 31, 2021 and RMB489.9 million as of December 31, 2022, substantially increased to RMB588.7 million as of December 31, 2023, demonstrating our recent business growth.

Case Study: We provide T Cloud to Client A, a technology solutions provider focusing on sensors and test systems. Client A used our SaaS products to enhance its marketing and sales capabilities. Client A utilized the templates and tools offered in the official platform builder for creating multiple marketing sites. Client A used T Cloud to generate articles to introduce its products and business, which are then automatically distributed and published on websites. Through data visualization and analysis function, Client A became well-informed of the effects of its marketing activities and continually optimized its marketing strategies to achieve better results. See "Business – SaaS Business – T Cloud – Case Study."

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

SUMMARY

manage their sales force with an all-in-one platform. We offer up to 159 functional modules to empower the entire sales process for users of different business sizes and sales force, including 81 customer relationship management related functional modules and 78 ancillary modules. The standard version of True Client 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, addressing our customers' personalized needs. We offer a number of standard versions for True Client to realize a complete sales conversion process.

Case Study: Client B, a new energy vehicle producer, faced challenges in efficient communication with customers and lead management due to reliance on traditional marketing methods. We provided the professional version to True Client to Client B to meet its demand for both online and offline marketing and sales activities. The solution primarily included (i) operation tools on the WeCom platform, allowing for functions such as business cards creation, marketing materials management and group chat management, among others; (ii) sales lead management tools for importing leads from automotive media channels, distributing leads to dealers and screening potential vehicle purchasers, among others; and (iii) other tools for managing customer database together with its dealers, as well as various sales assistive tools. The solution addresses Client B's pain points and demands relating to the new energy vehicle industry, facilitating targeted, community-based end customer management, effectively preventing customer loss.

Precision Marketing Services

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

SUMMARY

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

	SaaS Business (Marketing SaaS)	Online Advertisement Solution Services	Online Advertisement Distribution Services
Service scope	Provision of Marketing SaaS products, primarily T Cloud, containing a variety 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
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

SUMMARY

	SaaS Business (Marketing SaaS)	Online Advertisement Solution Services	Online Advertisement Distribution Services
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 for our SaaS products, the determination of which considers the functions realized, the number of accounts as well as based on the service capacity; see “– SaaS Business – Pricing Model”	We charge our customers based on the traffic procured at the same prices as media platforms charge us, without markup; the payment by customers is subject to predetermined advertising budget and our completion of KPIs	We charge our customers based on the traffic procured at the same prices as media platforms charge us, without markup
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
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

SUMMARY

KEY OPERATING DATA

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

	Year ended December 31,		
	2021	2022	2023
SaaS Business			
Total users ⁽¹⁾	24,127	23,647	25,495
Average contract value per user (RMB) ⁽²⁾	45,026	41,584	51,238
Subscription user retention rate ⁽³⁾	76%	69%	69%
Monthly average revenue per user (RMB) ⁽⁴⁾	2,489	2,759	3,432
Customer acquisition cost (RMB) ⁽⁵⁾	19,619	22,271	18,696
Monthly customer acquisition cost (RMB) ⁽⁶⁾	1,471	1,597	1,254
Subscription contract value (RMB in thousands)	533,864	498,400	721,224
Remaining performance obligation (RMB in thousands)	426,365	489,907	588,722
Precision Marketing Services⁽⁷⁾			
Number of impressions (<i>in millions</i>)	175,972	267,870	395,373
Number of clicks (<i>in millions</i>)	3,659	5,911	10,281
Click-through rate (%) ⁽⁸⁾	2.08%	2.21%	2.60%
Number of advertising customers	845	998	1,042
Customer retention rate (%) ⁽⁹⁾	51%	53%	46%

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 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.
- (4) Monthly average revenue per user for a given year is the average of revenue per user in each month of the year; revenue per user in a month is calculated as the revenue generated from SaaS business in a month, divided by the number of users generating revenue in that month.
- (5) Customer acquisition cost for SaaS business for a given financial year is calculated as the selling and distribution expenses, divided by the number of users signing subscription contracts or placing orders with us in that year. We use the number of users signing subscription contracts or placing orders with us to calculate customer acquisition cost, rather than the number of users generating revenue, as we believe that the current approach better reflects the total cost of sales and marketing efforts needed to convince a customer to buy the product. On the other hand, the number of customers generating revenue during a period cannot reflect the number of new customers acquired during the period.
- (6) Monthly customer acquisition cost for SaaS business for a given financial year is the average of customer acquisition cost in each month of the year; the latter is calculated as the selling and distribution expenses, divided by the number of users signing subscription contracts or placing orders with us in that month, and the median contract length (in months) for the same month.

SUMMARY

- (7) For our major media platforms.
- (8) Click-through rate is calculated as the total number of clicks divided by the total number of impressions.
- (9) Customer retention rate for precision marketing services for a given year is calculated as the number of customers who generated revenue in both the current financial year and the prior financial year, divided by the total customers who generated revenue in the prior financial year.

SaaS Business

The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, primarily due to that our users reduced marketing and sales spend in light of the resurgences of the COVID-19 pandemic in 2022. The number of users of our SaaS business increased to 25,495 in 2023, attributable to our efforts to launch new functional modules which encourage users to expand their subscriptions, enhance the effectiveness of existing modules to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network.

Our average contract value per user decreased from RMB45,026 in 2021 to RMB41,584 in 2022, primarily due to the decrease in users’ spend. Our average contract value per user increased to RMB51,238 in 2023, primarily attributable to the change in our customer portfolio, as the number of customers contributing contract value of over RMB200,000 grew from 376 in 2022 to 501 in 2023. Such high-value customers, with their relatively larger operating scale, mainly purchased the professional version of True Client and required more user accounts and/or large-scale data usage for marketing contents distribution, leading to higher spending under our pricing model for the professional version. See “Business – SaaS Business – True Client – Professional Version.”

Our subscription contract value, having declined from RMB533.9 million in 2021 to RMB498.4 million in 2022, notably increased to RMB721.2 million in 2023 due to a series of our strategies initiated from 2023, such as (i) we continuously advance our product research and development to meet the evolving customer requirements, particularly through the improved integration of intelligent content generation technologies within our offerings; (ii) we cooperate with leading enterprise service platforms to acquire sales leads and execute a variety of marketing initiatives aimed at customers’ business leadership who seek to boost their sales and marketing effectiveness; and (iii) we elevate the proficiency of our own sales team through shared case studies and targeted product training to continuously improve our sales capabilities. In addition, our remaining performance obligation, representing the total value of contracted products and services yet to be delivered to our customers and being RMB426.4 million as of December 31, 2021 and RMB489.9 million as of December 31, 2022, substantially increased to RMB588.7 million as of December 31, 2023, demonstrating our recent business growth.

SUMMARY

Our subscription user retention rate decreased from 76% in 2021 to 69% in 2022, and remained at 69% in 2023. Due to the overall market condition under which many enterprises in China chose to reduce their marketing budget in view of maintaining profitability, certain of our users did not renew subscription contracts with us in 2022 and 2023, and we concurrently adjusted our marketing strategy and optimized the customer portfolio with a focus on providing advanced functions and customization services to customers with higher value contracts. For example, we have implemented functional modules for data analysis and strategy development that are better tailored to the needs of our high-value customers. We enhanced our sales efforts to engage with these customers more effectively. Additionally, we collaborate with consultants who possess expertise in creating solutions for specific industries, ensuring that we can cater to the unique product requirements of these customers.

Precision Marketing Services

Driven by our enhanced service capability and growing marketing demands, the number of advertising customers grew from 845 in 2021 to 998 in 2022 and further to 1,042 in 2023. Our customer retention rate for precision marketing services was 51%, 53% and 46% in 2021, 2022 and 2023, respectively. We review and adjust our customer profiles from time to time to improve better operational efficiency and profitability. We maintain a diversified customer base from industries ranging from e-commerce platforms and fast-moving consumer goods to healthcare, gaming, entertainment, and social media, which allows us to improve the overall risk management in line with the market trends. Our click-through rate, which reflects the operational efficiency of the advertisement placement, remained relatively stable during the Track Record Period. According to Frost & Sullivan, our click-through rate during the Track Record Period was generally in line with the industry average, which typically ranges from 2% to 3%. See “Business – Precision Marketing – Key Operating Data.”

In addition, we had 185, 253 and 305 customers in 2021, 2022 and 2023, respectively, who procured both our SaaS products and precision marketing services in the same year, accounting for 0.8%, 1.1% and 1.2% of the total number of SaaS users and 21.9%, 25.4% and 29.3% of the total number of advertising customers for the same years. Revenue generated from such customers under the SaaS business amounted to RMB39.3 million, RMB36.2 million and RMB66.3 million in 2021, 2022 and 2023, respectively, accounting for 9.0%, 6.8% and 9.4% of the revenue from SaaS business for the same years. Revenue generated from such customers under the precision marketing services amounted to RMB79.2 million, RMB16.1 million and RMB53.3 million in 2021, 2022 and 2023, respectively, accounting for 18.1%, 2.6% and 10.1% of the revenue from precision marketing services for the same years.

CUSTOMERS AND SUPPLIERS

Our major clients are (i) enterprises who purchase our SaaS products, and (ii) advertising customers who purchase our precision marketing services. We have a large customer base and do not rely on users from specific industry verticals. We primarily target B2B enterprises as customers for our marketing SaaS products, which typically have businesses or high-value individuals as their clients. Our sales SaaS products primarily target B2B and B2C enterprises

SUMMARY

from a variety of industries. Our precision marketing business covers advertising customers from various industries, including e-commerce platforms, fast-moving consumer goods, healthcare, gaming, entertainment, and social media. We review our customer profiles from time to time to improve better operational efficiency and profitability. Revenue generated from our largest customer in each year of the Track Record Period accounted for 12.5%, 24.5% and 24.5%, respectively, of our total revenues during those years. Revenue generated from our five largest customers in each year of the Track Record Period accounted for 40.5%, 50.0% and 42.6%, respectively, of our total revenues during those years. See “Business – Customers.”

Our major suppliers are media platforms, and hardware and system suppliers. During the Track Record Period, our largest supplier is a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. Charges from our largest supplier in each year of the Track Record Period accounted for 59.5%, 87.3% and 83.2%, respectively, of our cost of sales during those years. Charges from our five largest suppliers in each year of the Track Record Period accounted for 90.3%, 92.4% and 91.7%, respectively, of our cost of sales during those years. During the Track Record Period, one of our five largest customers, who procured both precision marketing services and SaaS solutions and contributed to 5.4%, 3.2% and 2.0% of our revenue in each year of the Track Record Period, respectively, was also our supplier for advertising data services under both precision marketing services and SaaS business, contributing to 0.6%, 0.1% and 3.8% of our cost of sales in each year of the Track Record Period, respectively, and became one of our five largest suppliers in 2023. See “Business – Suppliers.”

OUR STRENGTHS

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

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

SUMMARY

OUR STRATEGIES

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

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

COMPETITIVE LANDSCAPE

The SaaS solution market and precision marketing market in China are highly fragmented. 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 maintain our market position through our ability to provide comprehensive functions based on accumulated industry knowledge, launch SaaS products that meet different customer needs, develop advanced technologies, establish an extensive sales network, and continuously improve our brand awareness.

According to Frost & Sullivan, the precision marketing market reached RMB1,028.7 billion in 2022, increasing from RMB517.2 billion in 2018 with a CAGR of 18.8% from 2018 to 2022, and is expected to reach RMB1,728.5 billion in 2027, with a CAGR of 10.9% from 2022 to 2027. The precision marketing market in China is highly fragmented. We expect to compete effectively in the industry by continuing to maintain in-depth cooperation with leading media platforms and producing high-quality marketing content.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our Shares. Some of the major risks that we face include: (i) We relied on a limited number of media platforms to place advertisements for our customers during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially

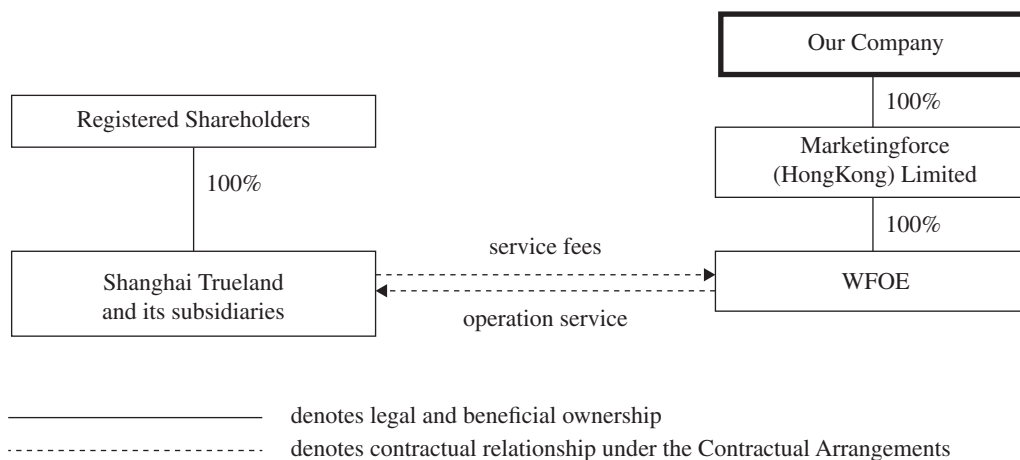
SUMMARY

and adversely affected; (ii) We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future; (iii) If we fail to improve and enhance the functionality, performance, reliability, design, security, and scalability of our products and services to suit our customers’ evolving needs and keep pace with technological developments, our customers may stop purchasing our products and services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations, and prospects; (iv) If our SaaS products contain serious errors or defects, we may lose our sources of revenue and our product users may lose confidence in our products and services. In addition, we may incur significant costs defending or settling claims with our product users as a result of such serious errors or defects; (v) If our abilities in assessing and predicting potential target audiences are or become flawed or ineffective, our reputation and market share may be materially and adversely affected; (vi) If media platforms, or their resellers or agents, reduce the rebates offered to us, or otherwise adjust the rebates policies in any way that is unfavorable to us, or if we are compelled to increase the incentives to advertising customers, our results of operations and profitability may be materially and adversely affected; (vii) Our business, growth and prospects are significantly affected by the growth of media platforms and use of SaaS products and precision marketing services in China; (viii) We face potential liability and harm to our business based on the nature of our business and the content distributed by us.

CONTRACTUAL ARRANGEMENTS

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

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



SUMMARY

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

RSU SCHEME

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

OUR CONTROLLING SHAREHOLDERS

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

As at the Latest Practicable Date, Mr. Zhao, together with Ms. Zhu, indirectly held approximately 51.01% of the issued Shares in aggregate comprising (i) the 24.97% of the issued Shares held by Mr. Zhao through Willam Zhao Limited and Willian Zhao I Limited, both of which are wholly owned by Mr. Zhao, and (ii) the 26.04% of the issued Shares held by Ms. Zhu through Shuina Zhu Limited. For family wealth management and estate planning purpose, Mr. Zhao and Ms. Zhu propose to transfer their respective interest in the Company directly held by Willam Zhao Limited and Shuina Zhu Limited to Real Force Limited and Precious Sight Limited (being BVI-incorporated holding vehicles) for the benefit of the Founders’ Family Trust. The establishment of the Founders’ Family Trust will be completed before the [REDACTED].

Accordingly, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zhao and Ms. Zhu will be interested in approximately [REDACTED]% of the total issued Shares in aggregate, being the total issued Shares held by Willian Zhao I Limited, and Real Force Limited and Precious Sight Limited (being two holding vehicles for the benefit of Founders’ Family Trust). Therefore, Mr. Zhao and Ms. Zhu, together with Real Force Limited, Precious Sight Limited, Willam Zhao Limited, Shuina Zhu Limited and Willian Zhao I Limited, will be the group of our Controlling Shareholders upon completion of the [REDACTED].

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

SUMMARY

CONTINUING CONNECTED TRANSACTIONS

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

PRE-[REDACTED] INVESTMENTS

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Selected Items from the Consolidated Statements of Comprehensive Income

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

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Revenue	877,231	1,142,776	1,232,120
Cost of services	<u>(399,424)</u>	<u>(582,738)</u>	<u>(525,938)</u>
Gross profit	477,807	560,038	706,182
Selling and distribution expenses	(284,158)	(314,995)	(326,798)
Administrative expenses	(172,032)	(188,931)	(203,892)

SUMMARY

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Research and development expenses	<u>(160,588)</u>	<u>(224,621)</u>	<u>(210,037)</u>
Loss before tax	<u>(265,102)</u>	<u>(216,487)</u>	<u>(169,423)</u>
Loss for the year	<u><u>(272,589)</u></u>	<u><u>(216,455)</u></u>	<u><u>(169,478)</u></u>

Non-IFRS Measure

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

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

We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back fair value changes of convertible redeemable preferred shares, interest on preferred shares, [REDACTED] expenses and share-based compensation expenses. We exclude such items in adjusted net loss (non-IFRS measure) primarily because (i) fair value changes of convertible redeemable preferred shares are non-cash in nature and are not expected to result in future cash payments to be made by us. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company, and financial liabilities at fair value through profit or loss (“FVTPL”) will be converted into equity upon the [REDACTED]; (ii) the interest on preferred shares is related to the redeemable preferred capital issued by Shanghai Trueland before Reorganization. Due to the redemption rights contained in the investor’s agreement (see Note 27 to the Accountants’ Report in Appendix I to this document), the redeemable preferred capital is recognized as financial liabilities at amortized cost, with accretion of interest recognized in the statement of profit or loss (the accretion itself will only be realized upon redemption and will not give rise to any cash effect). Pursuant to the Reorganization in July 2021, we repurchased the redeemable preferred capital and replaced it with our convertible redeemable preferred shares, which are measured at fair value through profit or loss instead of amortized costs. Thus, no interest was recognized in 2022 and 2023 subsequent to the completion of the Reorganization; (iii) [REDACTED] expenses are expenses

SUMMARY

related to the [REDACTED]; and (iv) share-based compensation expenses are non-cash expenses related to the share incentives and rewards we offered to our employees, and do not reflect our business performance or cash flow. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years presented in accordance with IFRS, which is net loss for the year:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Reconciliation of net loss			
to adjusted net loss			
(non-IFRS measure):			
Net loss for the year	<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
Add:			
Fair value changes of convertible			
redeemable preferred shares	122,237	61,069	107,815
Interest on preferred shares	8,004	–	–
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Share-based compensation expenses	<u>7,952</u>	<u>8,378</u>	<u>8,378</u>
Adjusted net loss			
(non-IFRS measure)	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

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

We had net losses during the Track Record Period, primarily because we incurred substantial research and development expenses, administrative expenses and selling and distribution expenses during the process of rapid expansion of our SaaS business. According to Frost & Sullivan, SaaS solution providers often experience losses when expanding their business due to the time lag between revenue recognition and operational expenses. While SaaS companies bear substantial expenses in research and development, as well as selling and distribution and administration, the resultant revenue growth may manifest only at a subsequent phase, as the revenue is recognized over the term of the contracts. To timely capture the opportunities from the favorable governmental policies adopted in recent years and the rising marketing and sales SaaS market in China, since 2019, we have experienced significant

SUMMARY

increases in (i) research and development expenses to enhance the performance of our products and launch new functional modules, (ii) selling and distribution expenses to promote our SaaS business and expand our user base, and (iii) administrative expenses to support the fast growth of our business scale. See “Risk Factors – We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.”

Revenue

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

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

SaaS Business

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

Precision Marketing Services

From 2021 to 2022, revenue generated from our precision marketing services increased, primarily attributable to the increase in revenue from online advertisement solution services, which was recognized on a gross basis. The rapid growth of the revenue from our online advertisement solution services was primarily due to (i) the continuous enhancement of our marketing capability and improvement of service quality; (ii) our strategic focus on quality advertising customers with stronger marketing needs and the willingness to procure professional marketing services from us; and (iii) the fast development of the online marketing market in China, where we strive to capture and address the concerns of the growing number of enterprises with marketing demands. Revenue generated from our precision marketing services decreased in 2023 as compared to 2022, primarily attributable to the decrease in the number of advertising customers for online advertisement solution services. Such decrease was

SUMMARY

mainly due to that we proactively adjusted our customer portfolio based on the factors such as the customers’ credit history, business prospect and gross billing. This is in line with our general strategy to focus on the advertisement distribution services going forward, with a view to improving the overall profitability and operation efficiency while minimizing risk exposure.

Gross Profit and Gross Margin

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

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

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

SUMMARY

Business Sustainability

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

Selected Items from the Consolidated Balance Sheets

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

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

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

SUMMARY

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

We recorded net liabilities as of December 31, 2021, primarily due to the loss for the year and a transfer to convertible redeemable preferred shares (representing the difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares upon the replacement of redeemable preferred capital by Series A Preferred Shares, and the difference between the carrying amount of ordinary shares and the fair value of Series B Preferred Shares upon the redesignation of the ordinary shares to Series B Preferred Shares). Our net liabilities position as of December 31, 2022 and 2023 were primarily due to the loss for the year along with the exchange differences on translation. We expect our net liability position will turn into a positive equity position upon the [REDACTED], as all of the convertible redeemable preferred shares will be converted into ordinary shares of our Company and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the [REDACTED].

Selected Items from the Consolidated Statements of Cash Flows

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

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

SUMMARY

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

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

KEY FINANCIAL RATIOS

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

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

We experienced continuous revenue growth during the Track Record Period, at a revenue growth at 66.2%, 30.3% and 7.8% in 2021, 2022 and 2023, respectively. The slowed down growth in 2023 was mainly due to the decrease in revenue from online advertisement solution services, as we adjusted our customer portfolio and had a decrease in the number of advertising customers for such services. See “Financial Information – Period-to-Period Comparison of Results of Operations” for a discussion of the factors affecting our results of operations during the respective years.

SUMMARY

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

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

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the Share Subdivision and the [REDACTED] are completed and [REDACTED] Shares are issued pursuant to the [REDACTED], (ii) [REDACTED] Shares are issued and outstanding following the completion of the Share Subdivision and the [REDACTED], and (iii) the [REDACTED] is not exercised.

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalization is based on [REDACTED] Shares expected to be in [REDACTED] immediately upon completion of the Share Subdivision and the [REDACTED] (without taking into account Shares that may be [REDACTED] upon the exercise of the [REDACTED]).
- (2) Please refer to “Unaudited [REDACTED] Financial Information” in Appendix II to this document for details regarding the assumptions and the calculation basis used.

[REDACTED]

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

SUMMARY

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

FUTURE PLANS AND USE OF [REDACTED]

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

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

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

DIVIDENDS

During the Track Record Period, we have not declared or paid any dividends. As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict our Company from declaring and paying dividends to our Shareholders. Our Company may declare and pay a dividend out of either our

SUMMARY

profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries, including the ones in the PRC. According to PRC law and regulations, we may not pay dividends unless we have distributable profits in a given year as determined under PRC GAAP or IFRS. PRC laws also require foreign-invested enterprises incorporated in PRC to set aside at least 10% of their after-tax profits, if any, to fund certain statutory reserves, until the statutory reserves reach and remain at or above 50% of the relevant PRC entity’s registered capital, which are not available for distribution as cash dividends.

We may distribute dividends in the future by way of cash or by other means that we consider appropriate. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Currently, we have not implemented policy to fix the dividend distribution ratio.

IMPACT OF COVID-19

Since the end of December 2019, the outbreak of COVID-19, a novel strain of coronavirus, had affected the world in various aspects. In response to the COVID-19 pandemic, including the resurgences in 2022, miscellaneous measures were adopted to contain the virus, such as restrictions in travel and public transport, closure of some facilities and premises, and implementation of social distancing measures in various regions from time to time.

Our business operations and financial conditions were adversely affected by the COVID-19 pandemic in 2022, compared to the early stage of the COVID-19 outbreak during the Track Record Period. Our operating activities were temporarily restrained, including close of major office sites, suspension of offline sales and marketing, customer support and after sales services. As such, our revenue growth slowed down, with a year-over-year increase at 20.8% in the revenue from SaaS business in 2022, by contrast to 94.8% in 2021. As a result, our financial condition was affected in 2022. See “Financial Information – Description of Major Components of Our Results of Operations.” For precision marketing services, we extended the credit periods granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022, leading to an increase in our other receivables in relation to prepayments on behalf of advertisers to third parties. We in turn slowed down our settlement process with media platforms and had an increase in our cost payable to media platforms on behalf of customers.

SUMMARY

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

INTERNET SECURITY

As advised by our PRC Legal Advisor, since our business operations in China involve the use of networks, we are subject to the laws and regulations relating to information security, cybersecurity review and data export security assessment, and algorithm governance. See “Regulatory Overview – Regulations on Internet Security.” As of the Latest Practicable Date, we had not received any regulatory inquiries, investigations, notices, warnings, sanctions or penalties in relation to cybersecurity regulations. However, we are subject to the complex and evolving cybersecurity laws and regulations, and any non-compliance or perceived non-compliance with cybersecurity laws and regulations may prevent us from using or providing certain services, and may result in fines or other penalties by PRC regulatory authority, clients or others, such as making certain required rectifications, suspending our related business, taking down our operations, and bringing actions against us. See “Risk Factors – Risks Related to Our Business and Industry – We may be subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation, deter current and potential customers from using our products and services and could subject us to significant legal, financial and operational consequences.”

RECENT DEVELOPMENT

Recent Development in Our Business Operations

As we are still in the process of expanding our SaaS business, we expect to record a significantly increased net loss in 2024, mainly due to the fair value changes of convertible redeemable preferred shares and share-based payment. Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2023, being the end date of the periods reported in the Accountants’ Report set out in Appendix I to this document, and there has been no event since December 31, 2023 and up to the date of this document that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

SUMMARY

Recent Regulatory Developments

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfill the filing procedure with the CSRC and report the relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, it must file with the CSRC within three business days after such application is submitted to the overseas regulators. We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas [REDACTED] and [REDACTED] on February 7, 2024. See “Regulatory Overview – Regulations Relating to Foreign Exchange – Overseas Listing and M&A” for details.

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

As advised by our PRC Legal Advisor, as of the date of this document, the official regulatory interpretation regarding the “attribute of public opinions or capability of social mobilization” remains unclear. However, the *Provisions on the Security Assessment for Internet-based Information Services Capable of Creating Public Opinions or Social Mobilization* (“**Security Assessment Provisions**”) provides the definition of “Internet-based information services capable of creating public opinions or social mobilization” under the Security Assessment Provisions, which may be used as a reference. According to the Security Assessment Provisions, “Internet-based information services capable of creating public opinions or social mobilization” include: (a) launching information services such as forums, blogs, microblogs, chat rooms, communication groups, public accounts, short videos, webcasts, information sharing, small programs, etc. or setting up the corresponding additional functions; and (b) launching other Internet-based information services that provide channels for the public to express their opinions or are capable of mobilizing the public to engage in specific activities. As we provide SaaS products that contain text-generated and image-generated services by utilizing generative AI technology through websites and WeChat Mini-programs, we are subject to the AIGC Measures and cannot rule out the possibility of being subject to security assessment and the filing formalities of algorithms. We will closely

SUMMARY

monitor the relevant legislations and regulatory practice in this regard to remain in up-to-date compliance with the AIGC Measures. On March 29, 2024, we completed the security assessment per the AIGC Measures. We have performed the application procedure for the filing formalities per the AIGC Measures, completed the filing formalities for one algorithm on April 11, 2024 while the other is pending review. We have not identified material impediments to our compliance with the filing formalities per the AIGC Measures. As advised by our PRC Legal Advisor, completion of the filing formalities is not a prerequisite for relevant service providers to offer generative AI services under the PRC laws. Furthermore, the AIGC Measures require relevant service providers to perform the filing formalities for their algorithms in accordance with the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (“**Algorithm Provisions**”). According to Article 25 of the Algorithm Provisions, the competent authority shall conduct the record-filing for the filing formalities if the filing materials are complete after review. We have not identified any material impediments to completing the filing formalities for the other algorithm. We are of the view that the likelihood of completing the filing formalities of the pending algorithm is substantially high, and that the ongoing filing formalities for this algorithm are unlikely to significantly adversely affect our business operations or financial results.

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