

# GLOBAL OFFERING



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2556

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



# IMPORTANT

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



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

(Incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

Total Number of Offer Shares under the Global Offering	: 5,949,700 Shares
Number of Hong Kong Offer Shares	: 595,000 Shares (subject to adjustment)
Number of International Offer Shares	: 5,354,700 Shares (subject to adjustment)
Maximum Offer Price	: HK\$45.00 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: US\$0.0000005 per Share
Stock code	: 2556

Joint Sponsors, Overall Coordinators, Joint Global Coordinators,  
Joint Bookrunners and Joint Lead Managers



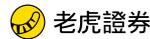
Overall Coordinator, Joint Global Coordinator,  
Joint Bookrunner and Joint Lead Manager



Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers  
(in alphabetical order)



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above. The Offer Price is expected to be determined by agreement between us and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before Monday, May 13, 2024 and, in any event, not later than 12:00 noon on Monday, May 13, 2024 (Hong Kong time). The Offer Price will be not more than HK\$45.00 per Offer Share and is expected to be not less than HK\$42.00 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the Maximum Offer Price of HK\$45.00 per Offer Share for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK\$45.00 per Offer Share. If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Monday, May 13, 2024 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of our Company at [www.marketingforce.com](http://www.marketingforce.com), respectively, notices of the reduction. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for more details.

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

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors". The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting". It is important that you refer to that section for further details.

#### ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering. This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.marketingforce.com](http://www.marketingforce.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

May 7, 2024

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## IMPORTANT

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### IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

#### FULLY ELECTRONIC APPLICATION PROCESS

The Company has **adopted a fully electronic application process for the Hong Kong Public Offering.**

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at [www.marketingforce.com](http://www.marketingforce.com).

The Company will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at [www.eipo.com.hk](http://www.eipo.com.hk); or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

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## IMPORTANT

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If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$
100	4,545.38	1,600	72,726.12	14,000	636,353.56	120,000	5,454,459.00
200	9,090.76	1,800	81,816.89	16,000	727,261.20	140,000	6,363,535.50
300	13,636.14	2,000	90,907.66	18,000	818,168.86	160,000	7,272,612.00
400	18,181.54	3,000	136,361.48	20,000	909,076.50	180,000	8,181,688.50
500	22,726.91	4,000	181,815.30	30,000	1,363,614.76	200,000	9,090,765.00
600	27,272.30	5,000	227,269.13	40,000	1,818,153.00	220,000	9,999,841.50
700	31,817.68	6,000	272,722.96	50,000	2,272,691.26	240,000	10,908,918.00
800	36,363.05	7,000	318,176.78	60,000	2,727,229.50	260,000	11,817,994.50
900	40,908.44	8,000	363,630.60	70,000	3,181,767.76	297,500 <sup>(1)</sup>	13,522,512.93
1,000	45,453.83	9,000	409,084.43	80,000	3,636,306.00		
1,200	54,544.59	10,000	454,538.26	90,000	4,090,844.26		
1,400	63,635.35	12,000	545,445.90	100,000	4,545,382.50		

- (1) Maximum number of Hong Kong Offer Shares you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the AFRC respectively).

No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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

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*If there is any change in the following expected timetable, we will issue an announcement to be published on the websites of the Company at [www.marketingforce.com](http://www.marketingforce.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

**Date<sup>(1)</sup>**

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Tuesday, May 7, 2024

Latest time for completing electronic applications under **White Form eIPO** service through the designated website [www.eipo.com.hk](http://www.eipo.com.hk)<sup>(2)</sup> . . . . . 11:30 a.m. on Friday, May 10, 2024

Application lists open<sup>(3)</sup> . . . . . 11:45 a.m. on Friday, May 10, 2024

Latest time for (a) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC<sup>(4)</sup> . . . . . 12:00 noon on Friday, May 10, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction to apply for the Hong Kong Offer Shares, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists close<sup>(3)</sup> . . . . . 12:00 noon on Friday, May 10, 2024

Expected Price Determination Date<sup>(5)</sup> . . . . . Monday, May 13, 2024

(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.marketingforce.com](http://www.marketingforce.com)<sup>(6)</sup> at or before . . . . . 11:00 p.m. on Tuesday, May 14, 2024

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

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(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at [www.marketingforce.com](http://www.marketingforce.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, at or before . . . . . 11:00 p.m. on Tuesday, May 14, 2024
  
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) (alternatively: [www.eipo.com.hk/eIPOAllotment](http://www.eipo.com.hk/eIPOAllotment)) with a "search by ID" function from . . . . . 11:00 p.m. on Tuesday, May 14, 2024 to 12:00 midnight on Monday, May 20, 2024
  
- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from . . . . . Thursday, May 16, 2024 to Tuesday, May 21, 2024 (except Saturday, Sunday and public holiday in Hong Kong)

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before<sup>(7)(9)</sup> . . . . . Tuesday, May 14, 2024

White Form e-Refund payment instructions/refund checks in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful applications under the Hong Kong Public Offering to be dispatched/collected on or before<sup>(8)(9)</sup> . . . . . Thursday, May 16, 2024

Dealings in the Shares on the Stock Exchange expected to commence . . . . . at 9:00 a.m. on Thursday, May 16, 2024

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

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*Notes:*

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, May 10, 2024, the application lists will not open and close on that day. See “How to Apply for Hong Kong Offer Shares – E. Severe weather arrangements”.
- (4) Applicants who apply for the Hong Kong Offer Shares through **HKSCC EIPO** channel or by instructing your **broker** or **custodian** to apply on your behalf via **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application channels”.
- (5) The Price Determination Date is expected to be on or before Monday, May 13, 2024 and, in any event, not later than 12:00 noon on Monday, May 13, 2024. If, for any reason, the pricing of the Offer Shares is not agreed by 12:00 noon on Monday, May 13, 2024 between us and the Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.
- (6) None of the websites set out in this section or any of the information contained on the websites forms part of this prospectus.
- (7) The Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.
- (8) White Form e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares – D. Despatch/collection of Share certificates and refund of application monies” for details.

Applicants who have applied through the **White Form eIPO** service and paid their application monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund check(s) by ordinary post at their own risk.

Any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares – D. Despatch/collection of Share certificates and refund of application monies”.

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

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**The above expected timetable is a summary only. You should refer to “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.**

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, we will make an announcement as soon as practicable thereafter.

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### IMPORTANT NOTICE TO INVESTORS

*We have issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

*You should only rely on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. 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 prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.*

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

### OVERVIEW

We provide (i) marketing and sales software solutions to enterprise customers in China by way of Software as a Service (SaaS), and (ii) precision marketing services that help advertising customers to place advertisements on leading media platforms, effectively reaching target audiences. 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.

Software as a Service (SaaS) is a web-based application software that users can access from various devices at any time. It eliminates the need for local software installation and maintenance, and is typically available through a subscription or pay-as-you-go fee model. We offer cloud-based marketing SaaS products to B2B enterprises, and sales SaaS products to B2B and B2C enterprises, to enable effective and efficient marketing and sales management. On the other hand, our precision marketing services, mainly including account management, traffic procurement, advertisement production and distribution, and marketing strategy formulation and optimization, are primarily offered to B2C companies. For our SaaS products, we primarily help users utilize free or low-cost internet traffic in both public and private domains, and charge our users subscription fees. Meanwhile, for precision marketing services, we purchase advertising traffic in public domain for customers from leading media platforms and charge customers based on the traffic procured.

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. We select and package a series of functional modules as T Cloud (our signature marketing SaaS product) and True Client (our signature sales SaaS product) to address the pain points faced by enterprises in marketing and sales activities, respectively.

- Users can subscribe and add additional functional modules to their subscribed SaaS products to achieve more personalized results.

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## SUMMARY

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- Most of our users procure our products as a package. Revenue generated from procurement of a single functional module (as opposed to the package) accounted for less than 10% of the revenue from SaaS business in each year of the Track Record Period.
- We offer various versions of T Cloud and True Client, 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. The most basic version of T Cloud contains 38 functional modules which can conduct a complete marketing process, and the most extensive version contains 89 functional modules. For True Client, we offer 30 functional modules for the most basic version and 159 functional modules for the most extensive version, which can empower the entire sales process for users of different business sizes and sales force.

Leveraging our marketing experiences accumulated for over a decade, we 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 enterprises can improve their marketing results and conversion rates. 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 the average spending per advertising customer being RMB5.5 million, RMB5.9 million and RMB6.1 million respectively.

## SUMMARY

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 increasing 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 products were 90.1%, 89.2% and 87.7%, respectively. In 2021, 2022 and 2023, our revenue from our precision marketing service business was RMB438.6 million, RMB612.9 million and RMB529.7 million.

### 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
<b>Total</b>	<b>877,231</b>	<b>100.0</b>	<b>1,142,776</b>	<b>100.0</b>	<b>1,232,120</b>	<b>100.0</b>

### SaaS Business

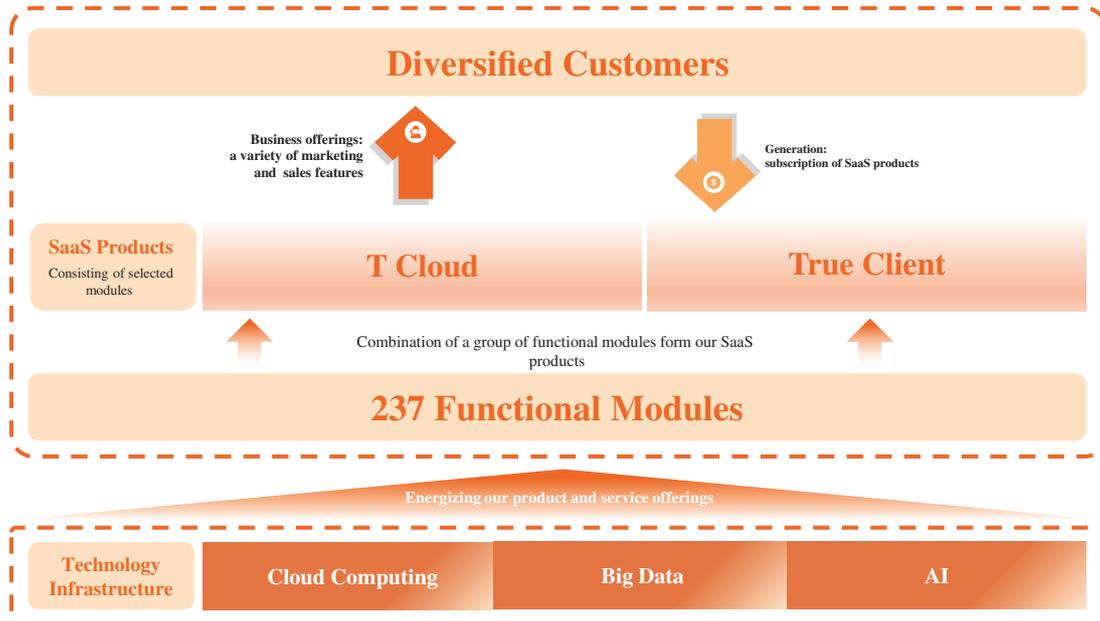
We offer SaaS products to meet each user's diverse needs for marketing and sales activities, helping businesses from various industries to acquire sales leads, improve conversion rates and grow sales at lower costs. During the Track Record Period, we primarily offer two signature SaaS products, T Cloud and True Client, targeting the marketing process and the sales process, respectively.

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## SUMMARY

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Powered by the technology infrastructure including cloud computing, big data and AI technologies, we develop the functional modules, and build and offer our marketing and sales SaaS products by combining a series of functional modules. Together, the infrastructure, the functional module layer and the SaaS products form our Marketingforce platform. 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 ensures 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 content 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.

**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 put 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.

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## SUMMARY

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*SaaS products and diversified customer base.* As any standalone functional module on a single basis cannot resolve enterprises' marketing and sales needs, 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.

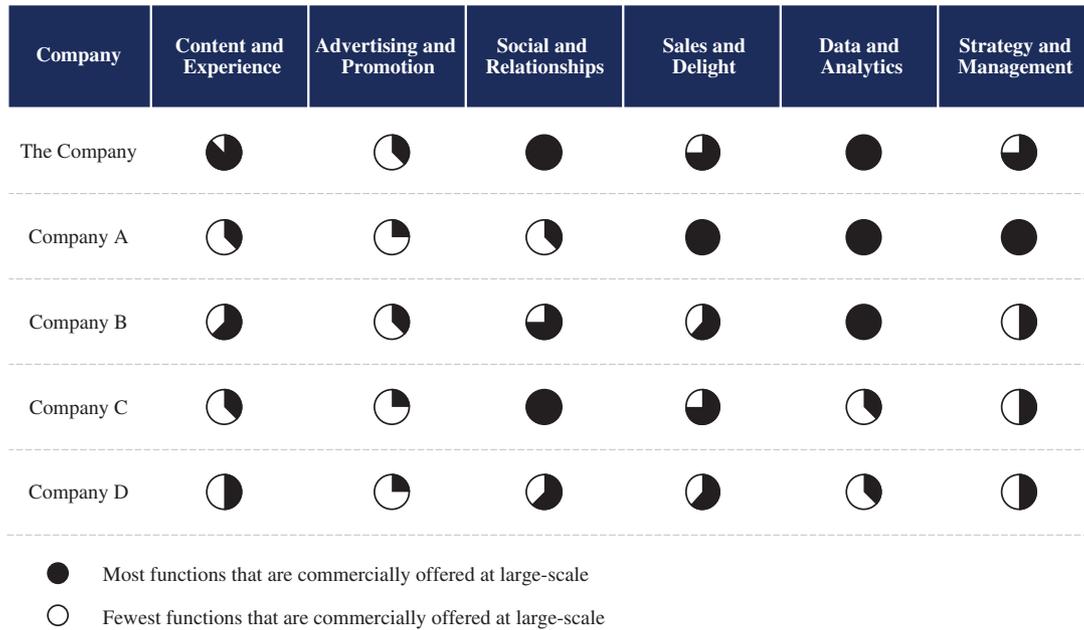
During the Track Record Period, enterprises primarily purchase our SaaS products, T Cloud and True Client, to enable their marketing and sales management. After paying the standard subscription prices, users obtain the access to the functions under the subscribed products with limitation of the number 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 key areas. For example, some companies who accumulate large amounts of enterprise information from their business operations would share such information, after receiving consent from their clients, with other enterprises who might potentially become their customers. These companies, acting as ordinary lead generation platforms that bring new sales or partnership opportunities to their clients, provide such lead generation services only as an 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



Source: Frost & Sullivan

Note:

- (1) The table comparing different marketing and sales SaaS solutions available in the market was created based on a scorecard, which assesses our peers and us in six key areas, namely, content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, as well as strategy and management. Each area has six to eight sub-functions, and each of our peers and us earns a point if it offers one of those sub-functions commercially at a large scale. The selection of sub-functions for each of the six key areas in marketing and sales was introduced in marketing technology landscape supergraphic in 2011 by an experienced professional in the marketing industry. Since then, the concept of the six key areas in marketing and sales, along with their respective sub-functions, has been widely adopted and referenced by other marketing-related platforms. The score for each area is illustrated using Harvey balls. Overall, we achieve the highest total score among the six areas of marketing and sales activities, indicating that our SaaS solutions offer the widest range of functions.
- (2) 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), a programmatic advertising platform that allows advertisers and their agencies to automate the process of procuring traffic across multiple sources, and search engine marketing (SEM) solutions that are used to increase the visibility and ranking of a website in search engine results pages;
  - Social and Relationship includes functions such as social customer relationship management solutions which are used to enhance direct interaction and engagement with customers and prospective customer in private traffics such as WeChat and WeCom, and marketing automation (MA) solutions that are used to automate repetitive marketing tasks and workflows across multiple channels such as email, social media, text message, and among others;
  - Sales and Delight includes functions such as sales leads management (which helps customers discover and manage new sales opportunities), sales procedure management solutions (which are used to define and streamline the sales procedures from new sales opportunities to closed deals), and sales pricing management solutions (which are used to provide pricing strategies in order to support the overall sales goals and growth objectives);

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## SUMMARY

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- Data and Analytics includes functions such as business intelligence systems (which collect, analyze, and process data into usable information that can be presented to support decision-making within the organizations), customer data platform (CDP) (which is a software platform that collects and unifies customer data from multiple sources to create comprehensive and unified customer profiles), and data management platform (DMP) (which is used to create more targeted and personalized advertising campaigns across various channels based on segmented audience data);
- Strategy and Management includes functions such as marketing team management solutions (which are used to staff campaign personnel in various marketing events), and marketing budgeting management solutions (which are responsible for developing detail, data-driven marketing budgets that align with the enterprises' overall marketing goals, and then allocating such budgets across different marketing initiatives to maximize the outcome).

Set forth below is an overview of the features of our products:

### **Six Key Areas of Marketing and Sales Methodologies**

### **Feature Description**

#### **Content and Experience**

Marketing content generation is the initial critical step for enterprises to approach their target audiences, while enterprises are facing the challenges to deliver increasingly high-quality content at a higher frequency to appeal to audiences. Our functional modules under this category help enterprises to quickly establish their online presence and efficiently produce quality marketing content. This enables enterprises to more effectively capture the attention of their target audience with smooth online browsing experiences. For example, we provide AI-generated content modules for users to easily create text and image content and edit video content.

#### **Advertising and Promotion**

Functional modules under this category mainly focus on facilitating enterprises' distribution of marketing content on media platforms. Enterprises are facing the pain points of increasing traffic price and lower return on investment due to the slowdown of overall traffic growth and the concentration of high-quality traffic on media platforms. By delivering advertisements more precisely to audiences searching for relevant information, these functional modules help enterprises to improve their return of marketing investment. For example, we provide content distribution modules to release content on users' official accounts across multiple platforms.

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## SUMMARY

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### **Six Key Areas of Marketing and Sales Methodologies**

### **Feature Description**

#### **Social and Relationships**

With the rise of social media platforms, enterprises are becoming increasingly focused on connecting with potential customers and forming their own private domain traffic. However, formulation and implementation of customer management strategies are becoming increasingly complicated with the abundance of social media platforms and diversified customer relationship management scenarios involving private domain traffic. Functional modules under this category are designed to formulate and implement marketing strategies suitable for different private domain traffic scenarios. For example, we provide content strategy formulation modules to help users better profile their customers on social media platforms in the private domain (such as WeChat), and send tailored marketing content based on the customer profile.

#### **Sales and Delight**

Functional modules under this category target resolving pain points faced by enterprises in sales leads management and sales conversion, which have become challenging as customers have a wide range of products and services to choose from, leading to more diversified and personalized preferences. In addition, these features also aim to optimize enterprises' sales strategies, allowing them to give customers a better user experience and improve customer retention rates. For example, we provide automatic membership management modules to help users set up and execute rules for their membership program, and plan exclusive marketing activities for members of different levels, aiming to attract customers to become members, stimulate their willingness to repurchase and refer to other prospective customers.

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## SUMMARY

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### **Six Key Areas of Marketing and Sales Methodologies**

### **Feature Description**

#### **Data and Analytics**

Data and analytics modules allow enterprises to collect and analyze statistics generated during their marketing and sales processes. While it is often costly and difficult for enterprises to develop and apply advanced technologies for data and analytics by themselves, we provide easy-to-use data related features at low cost, delivering deeper insights and scientific evaluations of marketing and sales activities. For example, we offer data presentation and analysis modules under T Cloud and True Client to demonstrate the conversion data of marketing and sales campaigns.

#### **Strategy and Management**

Enterprises' marketing demands vary significantly as a result of different industries, operation scales and development stages. It is often difficult for enterprises to accurately assess and identify their characteristics and needs, and to choose effective methods. Functional modules under this category give enterprises access to a broad range of marketing strategies and internal management functions (such as modules for marketing and sales personnel performance evaluation), which facilitate enterprises' execution of the above-mentioned five areas.

### ***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

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subscribing to higher usage limits for certain features, adding them to their existing 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.

**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 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 different versions for True Client to realize a complete sales conversion process.

**Case Study:** Client B, a new energy vehicle producer, faced challenges in managing relationship with potential and existing customers 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 allows Client B to (i) use operation tools based on the WeCom platform to create unified business cards with easily accessible contact information for its sales staff, generate and distribute marketing content, and manage group chats with its customers; (ii) more efficiently seize sales opportunities by introducing potential vehicle buyers to its dealers for follow-up; and (iii) use other sales assistance tools, such as managing the customer database in conjunction with its

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## SUMMARY

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dealers to share information promptly. Our solution promotes targeted, community-based customer management, allowing for seamless information flow between media platforms, Client B, and its downstream dealers, 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.”

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

	<b>SaaS Business (Marketing SaaS)</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Service scope</b>	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
<b>Major customer types</b>	B2B companies	B2C companies	B2C companies

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## SUMMARY

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

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## SUMMARY

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	<b>SaaS Business (Marketing SaaS)</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Traffic acquisition costs charged by media platforms</b>	The traffic is typically free-of-charge or offered at low costs	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT
<b>Pricing policies</b>	We charge our users subscription fees 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 that media platforms charge us, without markup; the payment by customers is subject to predetermined advertising budgets and our completion of KPIs	We charge our customers based on the traffic procured at the same prices that media platforms charge us, without markup
<b>Rebates from media platforms</b>	N/A	The media platforms grant us a certain amount of rebates based on the traffic procured	The media platforms grant us a certain amount of rebates based on the traffic procured
<b>Rebates to advertisers</b>	N/A	We offer rebates to advertisers as incentives	We offer rebates to advertisers as incentives
<b>Revenue model</b>	Revenue is recognized in the form of SaaS subscription fees	Revenue is recognized on a gross basis, being the service fees (charged mainly based on the traffic procured) deducting rebates offered to the advertisers	Revenue is recognized on a net basis, being the amount of rebate granted by media platforms deducting rebates offered to the advertisers

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## SUMMARY

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### KEY OPERATING DATA

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

	Year ended December 31,		
	2021	2022	2023
<b>SaaS Business</b>			
Total users <sup>(1)</sup>	24,127	23,647	25,495
Average contract value per user (RMB) <sup>(2)</sup>	45,026	41,584	51,238
Subscription user retention rate <sup>(3)</sup>	76%	69%	69%
Monthly average revenue per user (RMB) <sup>(4)</sup>	2,489	2,759	3,432
User acquisition cost (RMB) <sup>(5)</sup>	19,619	22,271	18,696
Monthly user acquisition cost (by new orders) (RMB) <sup>(6)</sup>	1,471	1,597	1,254
Monthly user acquisition cost (by total users) (RMB) <sup>(7)</sup>	1,578	1,645	1,597
Subscription contract value (RMB in thousands)	533,864	498,400	721,224
Remaining performance obligation (RMB in thousands)	426,365	489,907	588,722
<b>Precision Marketing Services<sup>(8)</sup></b>			
Number of impressions ( <i>in millions</i> )	175,972	267,870	395,373
Number of clicks ( <i>in millions</i> )	3,659	5,911	10,281
Click-through rate (%) <sup>(9)</sup>	2.08%	2.21%	2.60%
Number of advertising customers	845	998	1,042
Customer retention rate (%) <sup>(10)</sup>	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.

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## SUMMARY

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- (5) User 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 user acquisition cost, rather than the number of users generating revenue, as we believe that this 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 user acquisition cost (by new orders) for SaaS business for a given financial year is the average customer acquisition cost in each month of the year, which 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.
- (7) Monthly user acquisition cost (by total users) for SaaS business for a given financial year is the average of user acquisition cost in each month of the year; the latter is calculated as the selling and distribution expenses, divided by the number of users generating revenue in that month.
- (8) For our major media platforms.
- (9) Click-through rate is calculated as the total number of clicks divided by the total number of impressions.
- (10) 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 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 content distribution, leading to higher spending under our pricing model for the professional version. See "Business – SaaS Business – True Client – Professional Version."

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## SUMMARY

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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 strategies initiated from 2023, such as: (i) we continuously advance our product research and development to meet evolving customer requirements, particularly through the improved integration of intelligent content generation technologies within our offerings; (ii) we cooperate with leading social media platform operators and leading telecom companies in China to acquire sales leads; for example, we connect the True Client with WeCom and equipping users with operational tools integrated on WeCom platform, and the platform in turn promotes our product through its own sales channels to potential users; (iii) we execute a variety of marketing initiatives aimed at customers' business leadership who seek to boost their sales and marketing effectiveness; and (iv) 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.

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 conditions 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."

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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 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.”

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## SUMMARY

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### OUR STRENGTHS

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

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

### OUR STRATEGIES

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

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

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## SUMMARY

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### 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 invest 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 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

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## SUMMARY

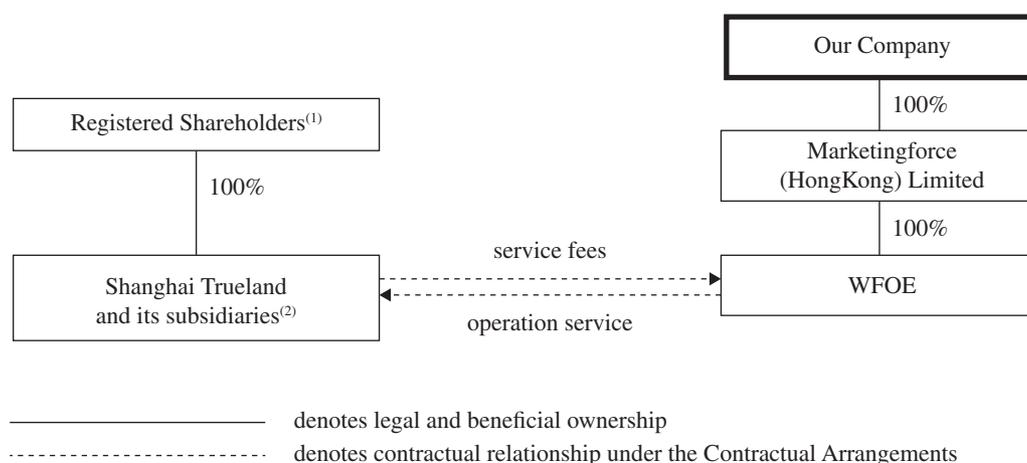
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adversely affected; (vii) Our business, growth and prospects are significantly affected by the growth of media platforms and use of SaaS products and precision marketing services in China; (viii) We face potential liability and harm to our business 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:



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 4.48% of the share capital of our Company upon completion of the Share Subdivision and the Global Offering, and the RSU Scheme will not cause any dilution to the shareholding of the Company. See “F. RSU Scheme” of Appendix IV to this prospectus for further details.

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## SUMMARY

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### OUR CONTROLLING SHAREHOLDERS

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

As of the Latest Practicable Date, Mr. Zhao, together with Ms. Zhu, indirectly held approximately 51.01% of the issued Shares in aggregate comprising (i) the 49.77% of issued Shares directly held by Real Force Limited and Precious Sight Limited, being two holding vehicles for the benefit of Founders' Family Trust with Willam Zhao Limited and Shuina Zhu Limited as beneficiaries; and (ii) the 1.24% of issued Shares directly held by Willian Zhao I Limited, which is indirectly wholly owned by Mr. Zhao.

Accordingly, immediately following the completion of the Global Offering, Mr. Zhao and Ms. Zhu will be interested in approximately 49.72% of the total issued Shares in aggregate. 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 Listing.

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

### CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which would constitute continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. 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 Global Offering; 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-IPO INVESTMENTS

Since our incorporation, we have attracted certain Pre-IPO 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-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments."

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## SUMMARY

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### 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 prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

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

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

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

#### Non-IFRS Measure

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

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

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## SUMMARY

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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, listing 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 Listing; (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 prospectus), 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) listing expenses are expenses related to the Global Offering; 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:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Reconciliation of net loss to adjusted net loss (non-IFRS measure):</b>			
<b>Net loss for the year</b>	<b><u>(272,589)</u></b>	<b><u>(216,455)</u></b>	<b><u>(169,478)</u></b>
Add:			
Fair value changes of convertible redeemable preferred shares	122,237	61,069	107,815
Interest on preferred shares	8,004	–	–
Listing expenses	3,921	14,665	25,549
Share-based compensation expenses	<u>7,952</u>	<u>8,378</u>	<u>8,378</u>
<b>Adjusted net loss (non-IFRS measure)</b>	<b><u>(130,475)</u></b>	<b><u>(132,343)</u></b>	<b><u>(27,736)</u></b>

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Our adjusted net losses (non-IFRS measure) remained relatively stable at RMB130.5 million and RMB132.3 million in 2021 and 2022, respectively. Our adjusted net losses (non-IFRS measure) decreased from RMB132.3 million in 2022 to RMB27.7 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 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
<b>Total</b>	<b>877,231</b>	<b>100.0</b>	<b>1,142,776</b>	<b>100.0</b>	<b>1,232,120</b>	<b>100.0</b>

### *SaaS Business*

During the Track Record Period, our revenue from SaaS business increased, primarily attributable to the increase in subscriptions, which was mainly attributable to that (i) we remain dedicated to launching new functional modules and enhancing the effectiveness of existing

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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 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	74,255	89.2	79,411	94.8	82,679	97.6
<b>Total</b>	<b>477,807</b>	<b>54.5</b>	<b>560,038</b>	<b>49.0</b>	<b>706,182</b>	<b>57.3</b>

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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.”

### 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	1,166,272	1,556,960	3,104,245

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## SUMMARY

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	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
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>
<b>Net current assets/(liabilities)</b>	<b><u>365,808</u></b>	<b><u>205,469</u></b>	<b><u>(1,031,747)</u></b>
<b>Net (liabilities)</b>	<b><u>(482,686)</u></b>	<b><u>(779,893)</u></b>	<b><u>(960,695)</u></b>

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

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 Listing, as all of the convertible

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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 Listing.

### 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
<b>Cash and cash equivalents at the end of year</b>	<b><u>215,658</u></b>	<b><u>203,506</u></b>	<b><u>138,022</u></b>

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.”

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## SUMMARY

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### 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.

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for Listing 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 Listing, which, based on the low end of the indicative Offer Price range, exceeds HK\$4 billion as required by Rule 8.05(3) of the Listing Rules.

### GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Share Subdivision and the Global Offering are completed and 5,949,700 Shares are issued pursuant to the Global Offering, and (ii) 235,164,100 Shares are issued and outstanding following the completion of the Share Subdivision and the Global Offering.

	Based on an Offer Price of HK\$42.00 per Offer Share	Based on an Offer Price of HK\$45.00 per Offer Share
Market capitalization of our Shares <sup>(1)</sup>	HK\$9,877 million	HK\$10,582 million
Unaudited pro forma adjusted consolidated net tangible assets per Share <sup>(2)</sup>	HK\$2.16	HK\$2.23

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*Notes:*

- (1) The calculation of market capitalization is based on 235,164,100 Shares expected to be in issue immediately upon completion of the Share Subdivision and the Global Offering.
- (2) Please refer to “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for details regarding the assumptions and the calculation basis used.

### **LISTING EXPENSES**

Listing expenses include professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$78.3 million, representing approximately 30.2% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$43.5 per Share (being the mid-point of the indicative Offer Price range)), which consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK\$9.1 million, and (ii) non-underwriting-related expenses of approximately HK\$69.2 million, including (a) fees and expenses of legal advisers and accountants of approximately HK\$49.4 million, and (b) other fees and expenses of approximately HK\$19.8 million. Approximately HK\$3.2 million of the listing expenses is directly attributable to the issue of our Shares to the public and is expected to be recognized directly as a deduction from equity upon the Listing, approximately HK\$48.6 million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$26.5 million of the listing expenses is expected to be expensed prior to the Listing.

### **FUTURE PLANS AND USE OF PROCEEDS**

Assuming an Offer Price of HK\$43.5 per Offer Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK\$180.5 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 20.0% or HK\$36.1 million, for enhancing our Marketingforce platform and cloud-based offerings.
- Approximately 30.0% or HK\$54.2 million will be allocated to improve our underlying technologies including AI, big data analysis and cloud computing.
- Approximately 30.0% or HK\$54.2 million will be allocated to expand our sales network, enhance customer success system and improve brand presence.
- Approximately 15.0% or HK\$27.1 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 5.0% or HK\$9.0 million will be allocated to working capital and general corporate purposes.

For more details on our plans for using the proceeds of the Global Offering, see “Future Plans and Use of Proceeds.”

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### **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 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.

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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.” During the Track Record Period and 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 prospectus, 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 prospectus, and there has been no event since December 31, 2023 and up to the date of this prospectus that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

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## SUMMARY

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### 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 Offering and Listing 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, under the AIGC Measures and relevant regulations, as we provide SaaS products that contain text-generated and image-generated services through two algorithms utilizing generative AI technology on 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. 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 and the relevant regulations require relevant service providers to perform the filing formalities for their algorithms, and 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

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## SUMMARY

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formalities for this algorithm are unlikely to significantly adversely affect our business operations or financial results. See “Regulatory Overview – Regulations – Regulations on Internet Security – Algorithm Governance” and “Regulatory Overview – Regulations – Regulations Relating to Artificial Intelligence Services.”

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

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## DEFINITIONS

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

“2022 Share Subdivision”	the subdivision of each issued and unissued ordinary share and the Preferred Share in the Company with a par value of US\$0.0001 into 20 shares with a par value of US\$0.000005 each with effect from August 8, 2022, the details of which are described in “History, Reorganization, and Corporate Development – 2022 Share Subdivision” in this prospectus
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on April 25, 2024 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capital Market Intermediary(ies)” or “CMI(s)”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the capital market intermediaries named in “Directors and Parties Involved in the Global Offering” in this prospectus
“Cayman Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

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## DEFINITIONS

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

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## DEFINITIONS

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“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Dongchali”	Shanghai Dongchali Digital Technology Group Co., Ltd. (上海洞察力數字科技集團有限公司), a company established in the PRC on May 24, 2011 and a Consolidated Affiliated Entity
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI”	“Fast Interface for New Issuance”, the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
“Founders’ Family Trust”	a family trust to be established before the Listing with Mr. Zhao as the settlor, Ms. Zhu as the protector, Willam Zhao Limited and Shuina Zhu Limited as beneficiaries and The Core Trust Company Limited acts as trustee
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant, which is an Independent Third Party
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “the Group,” “we,” “us” or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entities or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

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## DEFINITIONS

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“Guangdong Trueland”	Guangdong Trueland Information Technology Co., Ltd. (廣東珍島信息技術有限公司), a company established in the PRC on January 29, 2015 and a Consolidated Affiliated Entity
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominee”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operation and functions of the systems, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Offer Shares”	the 595,000 Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and subject to the conditions described in this prospectus as further described in “Structure of the Global Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated May 6, 2024 relating to the Hong Kong Public Offering and entered into by our Company, Mr. Zhao, Ms. Zhu, Willam Zhao Limited, Shuina Zhu Limited, Willian Zhao I Limited, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement” in this prospectus
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company
“International Offer Shares”	the 5,354,700 Shares being initially offered for subscription under the International Offering (subject to reallocation as described in “Structure of the Global Offering”)
“International Offering”	the offer of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act or in accordance with available exemption from the registration requirement under the U.S. Securities Act, as further described in “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement, expected to be entered into on or about May 13, 2024, relating to the International Offering, expected to be entered into by our Company, the Controlling Shareholders, the Overall Coordinators and the International Underwriters, as further described in “Underwriting – Underwriting arrangements and expenses – International Offering – International Underwriting Agreement” in this prospectus

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## DEFINITIONS

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“Isle Wealth”	Isle Wealth Limited, a business company incorporated in BVI with limited liability and wholly owned by TCT (BVI) Limited, holding our Shares pursuant to the RSU Scheme on trust for and on behalf of grantees or the Company (as the case may be) under the RSU Scheme
“Joint Bookrunners”	the joint bookrunners as named in “Directors and Parties Involved in the Global Offering” of this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in “Directors and Parties Involved in the Global Offering” of this prospectus
“Joint Lead Managers”	the joint lead managers as named in “Directors and Parties Involved in the Global Offering” of this prospectus
“Joint Sponsors”	China International Capital Corporation Hong Kong Securities Limited and CCB International Capital Limited
“Latest Practicable Date”	April 29, 2024, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or around May 16, 2024, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors 《(關於外國投資者併購境內企業的規定)》 jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009

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## DEFINITIONS

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“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Marketingforce Network” or “WFOE”	Marketingforce Network Technology (Shanghai) Company Limited (邁富時網絡技術(上海)有限公司), a company established in the PRC on April 20, 2021, and a wholly-owned subsidiary of our Company
“Maximum Offer Price”	HK\$45.00 per Offer Share, being the maximum subscription price in the indicative Offer Price range stated in this prospectus
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on April 25, 2024, with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
“MOF”	the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zhao”	also known by his alias name Zhao Xulong (趙旭隆), our founder, executive Director, chairman of the Board and chief executive officer, the spouse of Ms. Zhu and the sibling of Ms. Zhao Fangqi, and one of our Controlling Shareholders
“Ms. Zhu”	spouse of Mr. Zhao, and the sister-in-law of Ms. Zhao Fangqi, and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK\$45.00 and expected to be not less than HK\$42.00, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined in the manner further described in “Structure of the Global Offering – Pricing and Allocation” in this prospectus

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## DEFINITIONS

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“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, being the Shares of the Company
“Ordinary Shares” or “Shares”	ordinary shares in the share capital of the Company with a par value of US\$0.000005 each prior to the Share Subdivision and US\$0.000005 each upon the completion of the Share Subdivision
“Overall Coordinators”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the overall coordinators named in “Directors and Parties Involved in the Global Offering” in this prospectus
“PRC Legal Advisor”	JunHe LLP, the PRC legal advisor to our Company
“Pre-IPO Investments”	the investments made by the Pre-IPO Investors, the principal terms of which are summarized in “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments” in this prospectus
“Pre-IPO Investors”	the investors of the Pre-IPO Investments, namely Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited, Wenhua Xu Limited, Mr. Zhenjun HE, Great Boom Group Limited (旺佳集團有限公司), Top Mountain Shuye LP, Multi Link Corporate Development Limited (港聯企業發展有限公司), Shanghai Shunying Business Information Consulting Partnership (Limited Partnership) (上海順濛商務信息諮詢合夥企業(有限合夥)), Jiaxing Hengjie Equity Investment Partnership (Limited Partnership) (嘉興恆捷股權投資合夥企業(有限合夥)), NB DIGITAL Evergreen Investment Limited Partnership, CCBI Overseas, Haorong Co., Limited, Rongjing Co. Limited, Miracle International Development Limited, details of which are set out in “History, Reorganization and Corporate Development” in this prospectus
“Preferred Shares”	collectively, Series A-1 Preferred Shares, Series A-2 Preferred Shares and Series B Preferred Shares
“Price Determination Date”	the date on which the Offer Price is to be determined

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## DEFINITIONS

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

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## DEFINITIONS

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“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Hongyu”	Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海竑宇資產管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC on November 6, 2015 as the Group’s employee stock ownership platform and one of the Registered Shareholders
“Shanghai Kaililong”	Kaililong (Shanghai) Information Technology Co., Ltd. (凱麗隆(上海)軟件信息科技有限公司), a company established in the PRC on May 16, 2011 and a Consolidated Affiliated Entity
“Shanghai Tianbei”	Shanghai Tianbei Information Technology Co., Ltd (上海天貝信息技術有限公司), a company established in the PRC on October 15, 2021 and a wholly owned subsidiary of our Company
“Shanghai Trueland”	Trueland Information and Technology (Shanghai) Co., Ltd. (珍島信息技術(上海)股份有限公司), a company established in the PRC on September 25, 2009 and a Consolidated Affiliated Entity
“Shanghai Zhiyu”	Shanghai Zhiyu Asset Management Partnership Enterprise (Limited Partnership) (上海祉裕資產管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC on November 13, 2015 and one of the Registered Shareholders
“Share Subdivision”	the subdivision of each share in the Company’s issued and unissued share capital with par value of US\$0.000005 each into ten shares of the corresponding class with par value of US\$0.0000005 each immediately before the Listing, the details of which are set out in “History, Reorganization and Corporate Development – Share Subdivision”
“Shareholder(s)”	holder(s) of our Shares

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## DEFINITIONS

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“Sponsor-Overall Coordinators”	China International Capital Corporation Hong Kong Securities Limited and CCB International Capital Limited
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“State Council”	the PRC State Council (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance, including any Consolidated Affiliated Entity of the Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three years ended December 31, 2021, 2022 and 2023
“Trueland Digital”	Trueland Digital Technology (Shanghai) Co., Ltd. (珍島數字科技(上海)有限公司), a company established in the PRC on December 28, 2015 and a Consolidated Affiliated Entity
“Trueland Network”	Shanghai Trueland Network Technology Co., Ltd. (上海珍島網絡科技有限公司), a company established in the PRC on December 28, 2015 and a Consolidated Affiliated Entity
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the <b>White Form eIPO</b> Service Provider, <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>

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## DEFINITIONS

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

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

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

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

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## GLOSSARY OF TECHNICAL TERMS

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

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

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## GLOSSARY OF TECHNICAL TERMS

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

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## GLOSSARY OF TECHNICAL TERMS

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

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## GLOSSARY OF TECHNICAL TERMS

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

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## FORWARD-LOOKING STATEMENTS

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

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

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

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## FORWARD-LOOKING STATEMENTS

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

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

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## RISK FACTORS

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

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

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

### **RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

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

Our continued access to attractive content distribution opportunities and premium media resources remain crucial to our precision marketing business. To keep our market competitiveness, we have strategically focused on maintaining our business relationship with top media platforms. During the Track Record Period, we primarily purchased user traffic from, and placed our advertisements on major content distribution platforms, including a leading Chinese Internet technology company operating the largest short video distribution platform in terms of average DAUs in China in 2023. During the Track Record Period, our advertising traffic costs on media platforms amounted to RMB346.1 million, RMB520.8 million and RMB437.5 million in 2021, 2022 and 2023, respectively. During the Track Record Period, the cost of precision marketing services accounted for a larger portion of our cost of sales, representing 89.1%, 90.2% and 83.6% of our cost of sales in the relevant years respectively. For details regarding our relationship with major media platforms, see “Business – Precision Marketing – Media Platforms.” During the Track Record Period and as of the Latest

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## RISK FACTORS

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Practicable Date, we had not owned or controlled any content distribution channel in China. We typically enter into annual framework agreements with media platforms, and do not impose any long-term obligation requiring them to make their content distribution opportunities available to us on acceptable terms, or at all. We cannot assure you that we will successfully maintain business cooperation with any of them, or retain their provision of favorable rebate rates to us in the future. Loss of access to any one of our content distribution channels, or the ability to source any alternative content distribution channels in a timely manner, or at all, may negatively impact our capacity to help our advertising customers reach their target audience in connection with our precision marketing services and may, in turn, affect our business, brand and results of operations. If we are unable to maintain a business relationship with any of these media platforms, it can be difficult for us to source any alternative content distribution channels in a timely manner. Consequently, the quality and scale of the user traffic we provide to our customers will be significantly compromised, and our brand, business, financial condition and results of operations could be materially and adversely affected.

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

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

Since our inception, we have incurred net losses. In 2021, 2022 and 2023, we recorded net losses of RMB272.6 million, RMB216.5 million and RMB169.5 million, respectively, primarily due to (i) the substantial investment in R&D and sales and marketing of our SaaS products, (ii) the increase in administration expenses resulting from the increase in our administrative personnel to support the expanded scale of operations and (iii) interest expenses on the preferred shares. As a result, we recorded accumulated losses of RMB300.3 million, RMB516.8 million and RMB690.6 million as of December 31, 2021, 2022 and 2023,

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## RISK FACTORS

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respectively. We may not be able to achieve or subsequently maintain profitability in the future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully, and develop new products and services. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and record accumulated losses in the future and may not be able to achieve or subsequently maintain profitability.

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

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

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

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## RISK FACTORS

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

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

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

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

Given that many of our users use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and services could result in losses to our users. Our users may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our users may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our users, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our users would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

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## RISK FACTORS

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

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

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

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

**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.**

We receive rebates from media platforms in line with industry practice, according to Frost & Sullivan. The amount of rebates is determined based on our gross spending on the media platforms and the rates of rebates as set by the media platforms by taking into account a combination of factors. We may incentivize our advertising customers by offering a portion of these rebates to them and our gross profit under precision marketing services reflects the

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## RISK FACTORS

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difference between rebates received from media platforms and rebates granted to our customers, subject to adjustments in relation to advertising budget and KPIs in the case of online advertisement solution services, less other costs of services mainly including staff costs. See “Business – Precision Marketing – Key Operating Data.” As a result, we may generate lower profits from precision marketing services if these media platforms cease to offer or reduce the rebates to us or otherwise adjust their rebates policies and mechanisms in any way that is unfavorable to us. Moreover, if we are compelled to increase the incentive rates for our advertising customers under an imperative to retain such customers or to maintain competitive pricing, our profitability for precision marketing services could be in turn adversely impacted. Under any of the aforementioned circumstances, our results of operations and profitability could be materially and adversely affected.

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

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

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

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

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

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

As our SaaS business and precision marketing services both involve the provision of “advertisement design, production and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law. We cannot assure you that the online marketing content, of either SaaS products or precision marketing services, that we prepare and distribute complies with all applicable laws and regulations, or that the supporting documentation provided by our advertising customers is true and legal. Though we contractually require customers to represent to us that they ensure that their advertisements comply with applicable laws and regulations, and implement a strict review process, we do not independently verify whether we are permitted to deliver, or verify the content of, such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. In addition, our internal control measures for advertising business compliance may not be adequate to identify all content involving offensive language or violations of regulations or internal policies of media platforms, and the media platforms may take down the advertising campaigns or shut down the accounts of the

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

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

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

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

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

While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty regarding our continual launch of new products and services and intensified competition within the SaaS products and precision marketing industries in China. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result of these, and other factors,

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## RISK FACTORS

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we cannot assure you that our future revenues will increase or that we will continue to be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our business operations involve data processing activities, including data collection either by ourselves or from third parties, data storage and analysis. We also store our product users' data and information belonging to their customers in our system which we technically de-identify and anonymize. Upon the termination of subscription agreements, users can directly delete their data or require us to do so. We have adopted various measures, including Board and management supervision, to ensure legal compliance. During the Track Record Period and as of the Latest Practicable Date, we had not experienced major leakage of personal information, and had not received any regulatory inquiries, investigations, notices, warnings, penalties, litigations or other legal proceedings in relation to laws and regulations of personal information protection. We are not aware of any material non-compliance of data protection laws and regulations. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection. Based on the independent work performed by our Internal Control Consultant, there was no material deficiency identified in our internal policies and procedures regarding data privacy protection. However, we cannot assure that our privacy and data protection measures will always be considered sufficient in all aspects under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to

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system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation and deter current and potential clients from using our services, which will adversely affect our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We had net liabilities of RMB482.7 million, RMB779.9 million and RMB960.7 million as of December 31, 2021, 2022 and 2023, respectively, primarily due to recording convertible redeemable preferred shares as non-current liabilities at fair value through profit or loss. We had net current liabilities of RMB1,031.7 million as of December 31, 2023 primarily due to 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. In January 2024, the shares were categorized back to non-current liabilities due to the changes on the redemption rights pursuant to the amended memorandum and articles of association. See Notes 2.2 and 27 to the Accountants' Report in Appendix I to this prospectus. In 2021, we entered into subscription agreements with Pre-IPO Investors and issued the convertible redeemable preferred shares. For further details of the identity and background of the Pre-IPO Investors, and the principal terms of the relevant investments, see "History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments." All of such convertible redeemable preferred shares will be converted into ordinary shares of our Company, and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the Listing. We do not expect to recognize any further gains or losses on fair value changes from these convertible redeemable preferred shares after the Listing.

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

**Share-based payments may cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.**

We adopted the RSU Scheme for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Group. See "Appendix IV – Statutory and General Information – F. RSU Scheme." In 2021, 2022 and 2023, we recognized share-based compensation expenses of RMB8.0 million, RMB8.4 million and RMB8.4 million, respectively. After Listing, we may adopt other RSU schemes in the future to further incentivize our employees. Issuance of additional Shares with respect to share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have an adverse effect on our financial performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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During the Track Record Period, we generated a small amount of revenue from precision marketing services partnering with overseas media platforms. We face increasing challenges due to current geopolitical tensions and international trade policies. For example, in response to Russia's conflict with Ukraine, the United States, the European Union, and various other jurisdictions have imposed far-reaching trade and export controls restrictions on Russia and many Russian entities and individuals such that sales to or other business in Russia or with such restricted entities or individuals are subject to heightened regulatory risks. During the Track Record Period, we procured traffic from foreign entities for our distribution of marketing content on a search engine operated in Russia. All transactions with such companies were for online advertisement distribution business, for which the revenue was recorded on net basis. To our best knowledge, these transactions were not subject to the above mentioned restrictions. Foreign export controls and trade laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are out of our control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our services and products, hinder the stability of our supply chain, and may result in negative publicity, require significant management time and attention, any of which may have an adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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## RISK FACTORS

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

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

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

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

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

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

We lease properties primarily for our offices. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our

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## RISK FACTORS

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business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for leased properties.

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

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

Moreover, in the future, with the expansion of business, we may need to construct more data centers on the leased premises. The construction projects are subject to relevant supervision and approval procedures in China. Under PRC laws, construction projects must receive regulatory approvals from various governmental authorities prior to construction, including project approvals and filings, construction land and project planning approvals, energy conservation review and construction work commencement permits. After completion of construction, certain approvals, filings or other procedures required under PRC laws must be completed before using the construction projects, such as the construction acceptance report, energy conservation acceptance check, and fire safety filings. We cannot assure you that

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we will be able to obtain all relevant approvals, permits, filings or meet all relevant legal requirements for the construction or use of our data centers due to the complex laws and regulations. Any failure to obtain all necessary construction project approvals, permits, filings, or failure to complete required procedures before use of constructed projects in accordance with requirements under PRC laws or in a timely manner may subject us to legal or regulatory sanctions, such as the imposition of fines, suspension of construction or use of such properties, rectification of abovementioned non-compliances within a specified time limit, and, under limited circumstances, being required to vacate the properties in question, or requiring us to have the projects demolished.

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

Companies operating in China are required to complete related registration with the competent authorities and contribute to the social insurance and housing provident fund in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. We use third-party agent(s) to make contributions to social insurance and housing provident funds for a small number of our employees. As advised by our PRC Legal Advisor, the practice of engaging third-party human resources agencies to pay social insurance and housing provident funds contributions may not fully satisfy the requirements under PRC laws and regulations. If the relevant competent government authority is of the view that such arrangement of engaging third-party human resources agencies to pay social insurance and housing provident funds contributions does not satisfy the requirements under relevant PRC laws and regulations, administrative penalties may be imposed on us. During the Track Record Period and 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, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low. We cannot assure you that local authorities will not impose fees, pecuniary penalties or other administrative actions on us for our historical non-compliance.

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## RISK FACTORS

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### RISKS RELATING TO DOING BUSINESS IN CHINA

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

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

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

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

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

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

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

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

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("Circular 37"). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of the offshore special purpose vehicle's name and operation term, or any significant changes with respect to the PRC individual shareholder, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to those of our shareholders who are PRC residents, and may be applicable to any offshore acquisitions that we make in the future.

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

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outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

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

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

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

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Enterprises by Foreign Investors, effective in September 2011 and Measures for the Security Review of Foreign Investment that came into effect in January 2021, require acquisitions by foreign investors of PRC companies engaged in certain industries that are crucial to national security to be subject to security review before consummation of any such acquisition.

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

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

Our PRC Legal Advisors are of the opinion that, based on its understanding of the current PRC laws and regulations, such CSRC approvals for our Global Offering is not required because: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether a listing such as ours is subject to the M&A Rules; (ii) the WFOE was not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules; and (iii) no provision in the M&A Rules clearly classifies contractual arrangements as types of transaction subject to the M&A Rules. Recently, the relevant authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview – Regulations – Regulations Relating to Foreign Exchange – Overseas Listing and M&A." As these opinions are recently issued, official guidance and related implementation rules have not been issued; the interpretation of these opinions may further develop in the future. We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from the CSRC or other regulatory authorities or other procedures are required for this offering, we may face administrative penalties by the CSRC or other PRC regulatory authorities in accordance with the laws for failure to seek CSRC approval or other government authorization for this Global Offering. In addition, if the CSRC or other regulatory authorities promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Consequently, failure to comply with these laws and regulations may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating

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privileges in China, delay or restrict the repatriation of the proceeds from this offering into China, halting this Global Offering, or result in other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our shares. The regulatory authorities also may take actions requiring us, or making it advisable for us, to halt this Global Offering before settlement and delivery of the shares offered hereby, if we fail to comply with applicable laws and regulations.

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

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

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

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

Under the Enterprise Income Tax Law and its implementing rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementing rules define the term “de facto management body” as the body that exercises full and substantial control over, and overall

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

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

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

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

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

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

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

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

The SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises on February 3, 2015 (“Bulletin 7”), and amended on October 17, 2017 and December 29, 2017, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (“Circular 698”), which was issued by the SAT in 2009. Pursuant to Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise by non-PRC resident enterprises may be re-characterized and treated

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as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from the indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. Gains derived from the transfer of PRC taxable assets by a direct holder that is a non-PRC resident enterprise are subject to PRC enterprise income taxes. When determining whether an arrangement has a “reasonable commercial purpose”, the following factors are considered:

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

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

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tax will subject the transferor to overdue payments, or fines and other rectifying measures. Bulletin 7 does not apply to sales of shares by investors through a public stock exchange if the shares were acquired by the investors through a public stock exchange.

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

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

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

On July 14, 2006, mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”), pursuant to which a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a mainland China Court or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the Arrangement became

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effective on August 1, 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain. On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. The 2019 arrangement took effect on January 29, 2024, and supersede the 2006 Arrangement.

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

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

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

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such registrations within a stipulated time period, or to pay any administrative fines in relation to the failure of completing such registrations. All of our PRC subsidiaries had registered and obtained the social insurance registrations and housing provident fund deposit registrations as of the Latest Practicable Date.

As the application and interpretation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that we have complied, or will be able to comply, with all labor-related law and regulations, including those relating to obligations to make full social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected. In addition, any labor shortages, increased labor cost or other factors affecting our labor force in relation thereto, may adversely affect our business, profitability and reputation.

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

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

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

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

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

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

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

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

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different from the opinion of our PRC Legal Advisors stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or approvals to operate our business, the relevant PRC regulatory authorities would deal with such violations or failures in accordance with the laws, including, but not limited to:

- revoking our business and/or operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or the WFOE and our Consolidated Affiliated Entities may not be able to comply;
- requiring us or the WFOE and our Consolidated Affiliated Entities to restructure our relevant ownership structure or operations; or
- restricting or prohibiting our use of the proceeds from the Global Offering or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities and their respective subsidiaries.

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

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

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

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These Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. If we had direct ownership of the Consolidated Affiliated Entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current Contractual Arrangements, we rely on the performance by Shanghai Trueland and the Registered Shareholders under the contracts to exercise control over the Consolidated Affiliated Entities. If Shanghai Trueland or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All of the Contractual Arrangements are governed by, and interpreted in accordance with, PRC laws, and disputes arising from the Contractual Arrangements will be resolved through arbitration in China. However, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the outcome of arbitration. Such uncertainties could limit our ability to enforce the Contractual Arrangements. In the event we are unable to enforce the Contractual Arrangements, or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial statements, and our ability to conduct our business may be adversely affected.

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

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

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

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

Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with Shanghai Trueland and the Registered Shareholders. The Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertaking if it would further their own interest or if they otherwise act in bad faith. We cannot assure you that, when conflicts arise, the Registered Shareholders will act in the best interest of our Company or that conflicts will be resolved in our favor. The Registered Shareholders may breach or cause Shanghai Trueland to breach or refuse to renew the Contractual Arrangements that allow us to effectively control and receive economic benefits from our Consolidated Affiliated Entities. If we cannot resolve any conflicts of interest or disputes between us and the Registered Shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

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

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

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

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the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or its shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could materially and adversely affect our ability to conduct our business.

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

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

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

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

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

On March 15, 2019, the NPC promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, and the Outgoing FIE Laws. See “Regulatory Overview – Regulations – Regulations Relating to Foreign Investment – Foreign Investment Law and Its Implementation Rules.”

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

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

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

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the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

### **RISKS RELATING TO THE GLOBAL OFFERING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

### MANAGEMENT PRESENCE IN HONG KONG

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

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions, with a view to maintaining effective communication with the Stock Exchange:

- (a) our Company has appointed Mr. Zhao and Mr. LI Kin Wai, one of the joint company secretaries of our Company, as the authorized representatives (“**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. They will act as our Company’s principal channel of communication with the Stock Exchange. Each of them has confirmed that he can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any change in our Company’s authorized representatives. Mr. Zhao has confirmed that he possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;
- (b) our Authorized Representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact a Director with respect to any matters;
- (c) each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to meet with the Stock Exchange within a reasonable period;
- (d) our Company has appointed Alliance Capital Partners Limited as its Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as an additional channel of communication of our Company with the Stock Exchange during the period from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the Listing; and

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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- (e) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company's Compliance Adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the Compliance Adviser of our Company in accordance with the Listing Rules. Each Director has provided or will provide their respective contact details (i.e. mobile phone number, office phone number, email address and fax number, where applicable) to facilitate communication with the Stock Exchange.

### WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

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

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

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

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## WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules, if granted, will be for a fixed period of time but in any event not exceeding three years from the date of listing (the “**Waiver Period**”) and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the applicant.

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

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

The waiver was granted for a three-year period on the following conditions:

- (a) Mr. Liu will be assisted by Mr. Li, as a joint company secretary of our Company who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules, throughout the waiver period of three years from the date of the Listing; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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Further, Mr. Liu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year waiver period from the Listing Date. Our Company will further ensure that Mr. Liu has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange; At the end of the three-year period, the qualifications and experience of Mr. Liu and the need for on-going assistance from Mr. Li will be evaluated by our Company. Our Company will liaise with the Stock Exchange to enable it to revisit the situation on the expectation that our Company should then be able to demonstrate to the Stock Exchange's satisfaction that Mr. Liu, having had the benefit of assistance of Mr. Li as a qualified person for three years, have then acquired the relevant experience within the meaning of Note 2 to Rule 3.28 so that a further waiver would not be necessary.

### **WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS**

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

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY STATEMENT

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

### GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by (i) our Company, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, (ii) any of the respective directors, agents, employees or advisers, or (iii) any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be fixed among the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or before Monday, May 13, 2024 and, in any event, not later than 12:00 noon on Monday, May 13, 2024 (unless otherwise determined between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company by 12:00 noon on Monday, May 13, 2024, the Global Offering will not become unconditional and will lapse immediately.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus, and the procedures for applying for our Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus. See the section headed “Underwriting” in this prospectus for further information about the Underwriters and the underwriting arrangements.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

### **PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES**

The application procedures for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

### **STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING**

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering” in this prospectus.

### **SELLING RESTRICTIONS ON OFFERS AND SALE OF SHARES**

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

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue (including the Ordinary Shares to be converted from Preferred Shares) and to be issued pursuant to the Global Offering.

Assuming the Global Offering becomes unconditional at or before 8:00 a.m. on Thursday, May 16, 2024 (Hong Kong time), dealings in the Shares on the Stock Exchange are expected to commence on Thursday, May 16, 2024. The Shares will be traded in board lots of 100 Shares each. The stock code of the Shares will be 2556. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

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

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **SHARE REGISTER AND STAMP DUTY**

Our principal register of members will be maintained in the Cayman Islands by our Principal Share Registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong register of members of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasized that none of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

### **EXCHANGE RATE CONVERSION**

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the any amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated: (i) the translation between Renminbi and Hong Kong dollars was based on the rate of RMB0.90772 to HK\$1, the exchange rate prevailing on April 29, 2024 published by the PBOC for foreign exchange transactions, (ii) the translation between Renminbi and U.S. dollars was based on the rate of RMB7.1066 to US\$1, the exchange rate prevailing on April 29, 2024 published by the PBOC for foreign exchange transactions, and (iii) the translations between U.S. dollars and Hong Kong dollars were based on the rate of US\$1 to HK\$7.82907, as calculated according to the rates indicated in (i) and (ii).

### **TRANSLATION**

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

### **ROUNDING**

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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

### DIRECTORS

Name	Address	Nationality
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#### Executive Directors

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

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

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

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Sponsors and Sponsor-Overall  
Coordinators**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**CCB International Capital Limited**  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**Overall Coordinators,  
Joint Global Coordinators,  
Joint Bookrunners and  
Joint Lead Managers**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**CCB International Capital Limited**  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**North Beta International Securities  
Limited**  
Unit 2002, 20/F, One IFC  
One Harbour View Street  
Central  
Hong Kong

**Joint Global Coordinators,  
Joint Bookrunners and  
Joint Lead Managers**

**China International Capital Corporation  
Hong Kong Securities Limited**  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**CCB International Capital Limited**

12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**North Beta International Securities Limited**

Unit 2002, 20/F, One IFC  
One Harbour View Street  
Central  
Hong Kong

**CMB International Capital Limited**

45/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

**Joint Bookrunners and  
Joint Lead Managers****China International Capital Corporation  
Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**CCB International Capital Limited**

12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**North Beta International Securities Limited**

Unit 2002, 20/F, One IFC  
One Harbour View Street  
Central  
Hong Kong

**CMB International Capital Limited**

45/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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*(in alphabetical order)*

**Beta International Securities Limited**

UNIT 3326, 33/F, China Merchants Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Hong Kong

**CEB International Capital Corporation Limited**

35/F, Everbright Centre  
108 Gloucester Road  
Wan Chai  
Hong Kong

**China Sunrise Securities (International) Limited**

Units 4502, 45/F., The Center  
99 Queen's Road Central  
Hong Kong

**Citrus Securities Limited**

Room 2201, 22/F, OfficePlus@Wan Chai  
303 Hennessy Road  
Wan Chai  
Hong Kong

**CMBC Securities Company Limited**

45/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Futu Securities International (Hong Kong) Limited**

34/F, United Centre  
No. 95 Queensway  
Admiralty  
Hong Kong

**Haitong International Securities Company Limited**

22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**ICBC International Securities Limited**

37/F, ICBC Tower  
3 Garden Road  
Hong Kong

**Livermore Holdings Limited**

Unit 1214A, 12/F, Tower II  
Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
Hong Kong

**Roofers Securities Limited**

7F., Pearl Oriental House  
60 Stanley Street  
Central  
Hong Kong

**Shenwan Hongyuan Securities (H.K.) Limited**

Level 6, Three Pacific Place  
1 Queen's Road East  
Hong Kong

**SPDB International Capital Limited**

33/F, SPD Bank Tower, One Hennessy  
1 Hennessy Road  
Hong Kong

**Tiger Brokers (HK) Global Limited**

1/F, No. 308 Des Voeux Road Central  
Sheung Wan  
Hong Kong

**TradeGo Markets Limited**

Flat 3405, West Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**uSmart Securities Limited**

Room 2606, 26/F, 308 Central Des Voeux  
Sheung Wan  
Hong Kong

**Zheshang International Financial  
Holdings Co., Limited**

Units 1703-1706, 17/F, Infinitus Plaza  
199 Des Voeux Road Central  
Sheung Wan  
Hong Kong

**Capital Market Intermediaries****China International Capital Corporation  
Hong Kong Securities Limited**

29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**CCB International Capital Limited**

12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**North Beta International Securities  
Limited**

Unit 2002, 20/F, One IFC  
One Harbour View Street  
Central  
Hong Kong

**CMB International Capital Limited**

45/F, Champion Tower  
3 Garden Road  
Central  
Hong Kong

*(in alphabetical order)*

**Beta International Securities Limited**

UNIT 3326, 33/F, China Merchants Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**CEB International Capital Corporation  
Limited**

35/F, Everbright Centre  
108 Gloucester Road  
Wan Chai  
Hong Kong

**China Sunrise Securities (International)  
Limited**

Units 4502, 45/F., The Center  
99 Queen's Road Central  
Hong Kong

**Citrus Securities Limited**

Room 2201, 22/F, OfficePlus@Wan Chai  
303 Hennessy Road  
Wan Chai  
Hong Kong

**CMBC Securities Company Limited**

45/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Futu Securities International (Hong  
Kong) Limited**

34/F, United Centre  
No. 95 Queensway  
Admiralty  
Hong Kong

**Haitong International Securities Company  
Limited**

22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

**ICBC International Securities Limited**

37/F, ICBC Tower  
3 Garden Road  
Hong Kong

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

---

**Livermore Holdings Limited**

Unit 1214A, 12/F, Tower II  
Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
Hong Kong

**Roofers Securities Limited**

7F., Pearl Oriental House  
60 Stanley Street  
Central  
Hong Kong

**Shenwan Hongyuan Securities (H.K.)  
Limited**

Level 6, Three Pacific Place  
1 Queen's Road East  
Hong Kong

**SPDB International Capital Limited**

33/F, SPD Bank Tower, One Hennessy  
1 Hennessy Road  
Hong Kong

**Tiger Brokers (HK) Global Limited**

1/F, No. 308 Des Voeux Road Central  
Sheung Wan  
Hong Kong

**TradeGo Markets Limited**

Flat 3405, West Tower  
Shun Tak Centre  
No. 168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

**uSmart Securities Limited**

Room 2606, 26/F, 308 Central Des Voeux  
Sheung Wan  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Zheshang International Financial Holdings Co., Limited**  
Units 1703-1706, 17/F, Infinitus Plaza  
199 Des Voeux Road Central  
Sheung Wan  
Hong Kong

**Legal Advisors to the Company**

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

**Clifford Chance**  
27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

*As to PRC law:*

**JunHe LLP**  
26/F, HKRI Centre One  
HKRI Taikoo Hui 288 Shimen Road (No. 1)  
Shanghai  
PRC

*As to Cayman Islands law:*

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

**Legal Advisors to the Joint Sponsors and the Underwriters**

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

**Freshfields Bruckhaus Deringer**  
55/F, One Island East  
Taikoo Place, Quarry Bay  
Hong Kong

*As to PRC law:*

**Commerce & Finance Law Offices**  
12-14th Floor, China World Office 2  
No. 1 Jianguomenwai Avenue, Beijing  
PRC

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**DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING**

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**Reporting Accountant and  
Independent Auditor**

**Ernst & Young**  
*Certified Public Accountants and  
Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

**Industry Consultant**

**Frost & Sullivan (Beijing) Inc.,  
Shanghai Branch Co.**  
Room 2504, Wheelock Square  
1717 Nanjing West Road  
Jing'an District  
Shanghai  
PRC

**Receiving Bank**

**CMB Wing Lung Bank Limited**  
45 Des Voeux Road Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered Office</b>	PO Box 309, Uglan House Grand Cayman, KY1-1104 Cayman Islands
<b>Head Office and Principal Place of Business in China</b>	Trueland Center, Building 8 Shanghai Big Data Industrial Park No. 1 Lane 1401, Jiangchang Road Jing'an District Shanghai PRC
<b>Principal Place of Business in Hong Kong</b>	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
<b>Company's website</b>	<b><u><a href="https://www.marketingforce.com">https://www.marketingforce.com</a></u></b>  <i>(The content on this website does not form part of this prospectus)</i>
<b>Joint Company Secretaries</b>	<b>Mr. LIU Huan (劉歡)</b> Room 602, No. 31 Lane 399, Fuping Road Putuo District Shanghai, PRC  <b>Mr. LI Kin Wai (李健威)</b> 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
<b>Authorised Representatives</b>	<b>Mr. ZHAO Xulong (趙緒龍)</b> Room 501, No. 17 Lane 1083, Pingxingguan Road Jing'an District Shanghai PRC  <b>Mr. LI Kin Wai (李健威)</b> 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong

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## CORPORATE INFORMATION

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<b>Audit Committee</b>	Mr. CHEN Chen (陳晨) ( <i>chairman</i> ) Mr. QIN Ci (秦慈) Mr. YANG Tao (楊濤)
<b>Remuneration Committee</b>	Mr. QIN Ci (秦慈) ( <i>chairman</i> ) Mr. ZHAO Xulong (趙緒龍) Mr. YANG Tao (楊濤)
<b>Nomination Committee</b>	Mr. ZHAO Xulong (趙緒龍) ( <i>chairman</i> ) Mr. QIN Ci (秦慈) Mr. YANG Tao (楊濤)
<b>Compliance Adviser</b>	<b>Alliance Capital Partners Limited</b> Room 706 Beautiful Group Tower 77 Connaught Road Central Central Hong Kong
<b>Hong Kong Share Registrar</b>	<b>Computershare Hong Kong Investor Services Limited</b> Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Principal Share Registrar and Transfer Office</b>	<b>Maples Fund Services (Cayman) Limited</b> PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
<b>Principal Bank</b>	<b>Hua Xia Bank Co., Ltd., Shanghai Branch Hongqiao Sub-branch</b> No. 458 Gubei Road Changning District Shanghai PRC  <b>Shanghai Pudong Development Bank Co., Ltd., Putuo Sub-branch</b> No. 746 Changshou Road Putuo District Shanghai PRC

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## INDUSTRY OVERVIEW

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

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

#### Development of the SaaS Market in China

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

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

## INDUSTRY OVERVIEW

**Market Size of Public Cloud Industry in China**

RMB Billion, 2018-2027E



Source: Frost & Sullivan

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

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

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

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

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## INDUSTRY OVERVIEW

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

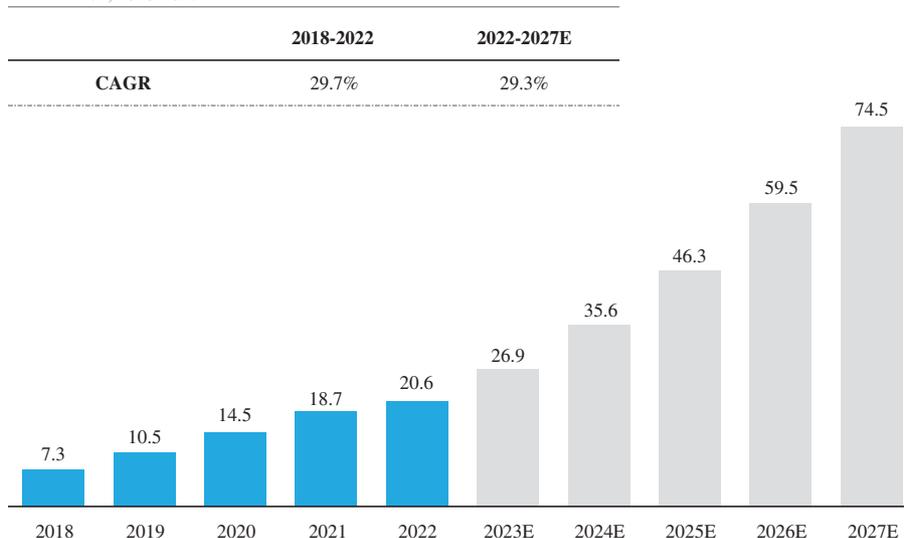
## INDUSTRY OVERVIEW

Sales SaaS solutions give enterprises access to a range of strategic and internal management functions, with advanced marketing concepts and practice, from which enterprises of different industries, business models and scales may select and execute suitable marketing and sales strategies and internal management functions.



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

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



Source: Frost & Sullivan

## INDUSTRY OVERVIEW

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

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

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

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



Notes:

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

Source: Frost & Sullivan

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## INDUSTRY OVERVIEW

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

- **Large number of potential customers with growing demand for marketing and sales.** According to Frost & Sullivan, the total number of enterprises in China reached 56.9 million in 2023 and is expected to increase to 74.8 million in 2028. Enterprises are expected to face increasing competition for potential customers, leading to higher customer acquisition costs. As marketing and sales activities become a more important driver of business revenue growth, the demand and willingness to pay for related solutions is expected to increase.
- **Rising market acceptance of SaaS solutions to improve marketing and sales efficiencies.** According to Frost & Sullivan, for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90%-99% of the total cost of services. With the costs of online traffic rising, enterprises are now focusing more on generating quality marketing content and running private traffic campaigns. The price of online traffic increased by approximately 20% from 2019 to 2023. As a result, enterprises are increasingly willing to adopt marketing and sales SaaS solutions, which help attract and convert customers in a highly efficient manner. In addition, more enterprises today are managed by a new generation of leaders who are digitally savvy and more receptive to new technologies, such as AI, big data and cloud computing.
- **Technological advances and deeper integration with other emerging technologies such as AI and big data technologies.** The marketing and sales SaaS solution market is characterized by continuous technology innovations and enrichment of functions. Deeper integration of SaaS solutions with emerging technologies such as AI and big data is required to meet enterprises' ever-changing demands. For example, big data technologies provide enterprises with capabilities of processing and analyzing huge amounts of unstructured data from various sources, including articles, pictures and videos on both PCs and mobile applications. Leveraging AI technologies, enterprises can uncover hidden patterns and obtain insights from past activities throughout their marketing and sales process.
- **Favorable government policies on digital transformation.** The significance of the digital economy and cloud computing can be observed from the Chinese Government's most recent plans and policies. For example, the Fourteenth Five-Year Plan (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) listed cloud computing, together with big data, IoT, industrial internet, blockchain and AI, as well as AR and VR, as key industries within the digital economy. Particularly, in the "14th Five-Year Plan for Digital Economy" ("十四五"數字經濟發展規劃), the demand for digital transformation in marketing and sales was stated as one of the most important initiatives for enterprises' digital transformation. The Implementation Plan for Promoting the Actions of "Migrating to Cloud, Using Digital Tools and Enabling Intelligence" and Fostering the Development of New Economy (關於推進"上雲用數賦智"行動培育新經濟發展實施方案) also called on enterprises to accelerate their digital transformation by increasing the adoption of cloud computing, big data and other technologies.

## INDUSTRY OVERVIEW

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

The marketing and sales SaaS solution market in China is currently in a growth stage and is highly fragmented. Driven by the rapid digital transformation and increasing adoption of cloud-based solutions among enterprises and institutions in China, a significant number of market players have entered the marketing and sales SaaS market. These participants have either adapted their existing products into SaaS models or developed new SaaS solutions from the ground up to meet the various requirements of different sectors. In 2022, there were approximately 200 market players participating in the marketing and sales SaaS market in China.

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

Ranking	Company	Revenue (RMB Million, 2022)	Market Share (%, 2022)
1	The Company	530	2.6
2	Company A	430	2.1
3	Company B	400	1.9
4	Company C	330	1.6
5	Company D	224	1.1

*Note:*

- (1) According to Frost & Sullivan, the revenue of the top five market players disclosed in this prospectus are derived based on both publicly available information, such as annual reports or prospectuses of public market players, and interviews with industry experts. Due to the fact that market players often engage in other services in addition to marketing and sales SaaS solutions, while publicly available information only provides limited information on the revenue attributable to marketing and sales SaaS solutions (such as marketing cloud and sales cloud), Frost & Sullivan interviewed industry experts to obtain sufficient information on peers' revenue specific to marketing and sales SaaS solutions.

*Notes:*

- Company A is a public company, founded in 1999 with headquarters in San Francisco, primarily providing CRM solutions globally as well as other solutions such as Service Cloud, data analytics platform, API management products, and team communication platform, among others. Company A became listed on the New York Stock Exchange in 2004. As of January 31, 2024, Company A had more than 70,000 employees.
- Company B is a public company, founded in 2013 with headquarters in Shanghai, primarily providing subscription solutions that mainly include SaaS products and ERP solutions, and merchant solutions that mainly include value-added services offered to its merchants to meet their online advertising demand. Company B became listed on the Hong Kong Stock Exchange in 2019. As of December 31, 2023, Company B had more than 4,000 employees.
- Company C is a private company, founded in 2008 with headquarters in Beijing, primarily providing CRM solutions in China. Company C has a registered capital of RMB15.4 million. As of December 31, 2023, Company C had more than 1,000 employees.

## INDUSTRY OVERVIEW

- Company D is a public company, founded in 2012 with headquarters in Hangzhou, primarily providing subscription solutions that include a suite of SaaS products covering e-commerce and the beauty industry, and merchant solutions that include a series of value-added services to address merchants' operational needs such as payment services. Company D is listed on the Hong Kong Stock Exchange. As of December 31, 2023, Company D had more than 1,500 employees.
- Industry peers are anonymized because Frost & Sullivan is contractually obligated to not disclose or improperly use trade secrets or other confidential information obtained in the course of concluding contracts with industry experts.

Source: Frost & Sullivan

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

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

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

Source: Frost & Sullivan

Note:

- (1) The table comparing different marketing and sales SaaS solutions available in the market was created based on a scorecard, which assesses our peers and us in six key areas, namely, content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management. Each area has six to eight sub-functions, and each of our peers and us earns a point if each 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 the 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.

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## INDUSTRY OVERVIEW

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

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

- ***Extensive and sophisticated functions based on accumulated industry knowledge.*** Leading marketing and sales SaaS solution providers typically have a solid understanding of the pain points experienced by enterprises at different stages across a variety of industries. Solution providers acquire and analyze the needs of a large number of customers, identify the most representative ones, and develop marketing and sales solutions that offer extensive and sophisticated functions to best meet market demands. Therefore, it is critical for solution providers to gain industry knowledge and facilitate product development decisions. However, product iteration based on enterprise customers' complex and evolving demands can be hard for new entrants to achieve in the short term.
- ***Advanced technology.*** Technologies, including big data analytics, that collect, process and analyze vast amounts of unstructured data from various sources, and AI technologies that uncover hidden patterns and generate insights, are important to help enterprises complete sophisticated tasks throughout the marketing and sales phases. Such technologies are difficult to develop in the short term and typically require substantial investment, creating barriers for new entrants.
- ***Proven sales network with profound expertise.*** The expertise of sales representatives in a nationwide network is crucial to the success of marketing and sales SaaS solution providers. Compared to sales to individual customers, the sale of marketing and sales solutions requires sales representatives to have a deep understanding of both the solutions and industries of downstream enterprise customers. It is crucial to leverage sales staff expertise and professionalism to establish a relationship of trust with customers. In the short term, new entrants face high barriers to build such expertise and effective sales forces to serve customers across the nation.
- ***Strong brand awareness with steady customer loyalty.*** Leading solution providers benefit from stable customer loyalty, as enterprises in China generally prefer to choose offerings by reputable providers with a long operating history and that offer sophisticated solutions, powerful technologies, and responsive customer service. In addition, such steady customer loyalty also arises from the high switching costs that enterprises would face. Enterprises in China are more willing to adopt all-in-one marketing and sales SaaS solutions that can help solve their pain points throughout the entire marketing and sales process. As a result, once enterprises have adopted solutions offered by leading providers, the cost of switching to solutions offered by new entrants would be high, primarily in terms of transferring data from one system to another and training employees on the new systems.

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## INDUSTRY OVERVIEW

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

- ***Increasingly modularized all-in-one marketing and sales SaaS solutions.*** Functions of marketing and sales SaaS solutions are diverse and, in most cases, one marketing and sales SaaS solution is unable to provide enterprises with all of the necessary functions – from the marketing phase that generates new leads, to the sales phase that realizes sales growth – to build sustainable relationships with customers from different channels. Marketing and sales SaaS solutions consisting of different modularized functions are expected to be increasingly favored as more enterprises of all sizes, particularly large companies, are able to implement different modules discretionally based on their demands. To reduce the complexity of adopting different tools, more modularized all-in-one marketing SaaS solutions will appear in the market to help provide enterprises with a more coherent and flexible user experience.
- ***Continually integrated functionalities empowered by AI.*** AI technology is expected to be integrated in different application scenarios of marketing and sales SaaS solutions, such as AI content generation, content distribution and building relationships with customers. As it can improve efficiency at reduced costs, AI could significantly enhance the customer experience and broaden the customer base.
- ***Rise of domestic solution providers.*** Although overseas solution providers have had a presence in the Chinese market, as the business environment in China changes rapidly enterprises' marketing and sales demands are under constant evolution, and overseas solution providers cannot capture such changes as well as enterprises' underlying demands. Domestic solution providers can more easily capture trends and adapt to the dynamic environment, such as adopting social customer relationship management solutions to build closer and trusted relationships with customers through private traffic. The development of China's marketing and sales SaaS solution market is expected to be led significantly by domestic solution providers in China in the future.
- ***Expanding service capability to PaaS solutions.*** A growing number of players, especially leading players, are expanding their service capabilities to PaaS solutions due to the synergistic effects they bring to SaaS solutions. Based on low-code platforms, PaaS solutions help both internal and external application developers build customized SaaS solutions with high agility, shorter development times and fewer IT personnel required. Through PaaS solutions, leading marketing and sales SaaS solution providers can further serve and meet customers' both standardized and personalized needs by attracting independent software vendor partners to develop useful applications on such providers' platforms.

### Impact of the COVID-19 Pandemic

The COVID-19 pandemic since 2020 has had differing effects on the global business environment, including China. The pandemic has brought negative impact on the marketing and sales SaaS solutions market in China in the short term. After the resurgence of COVID-19

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## INDUSTRY OVERVIEW

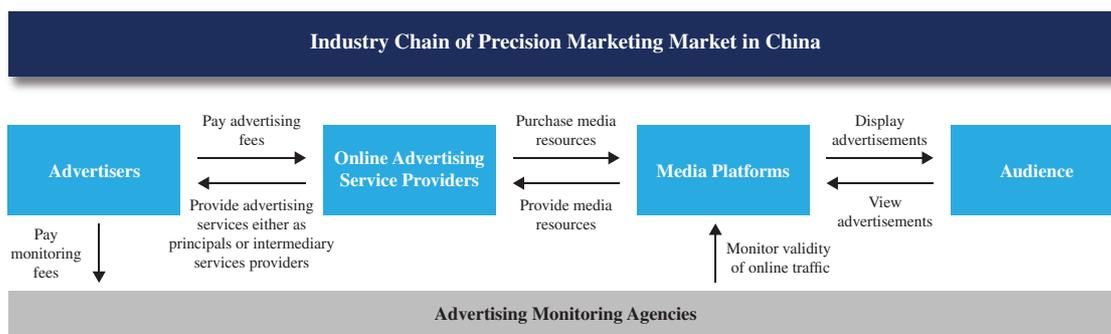
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in 2022 in many provinces and cities in China, including Shanghai, one of the largest cities in the world, many business-to-business enterprises, especially those based in cities affected by COVID-19, are unable to conduct their usual marketing and sales activities with customers across the country, and limitations on offline marketing and sales approaches are expected to remain uncertain due to occasional travel restrictions in China. Meanwhile, a growing number of enterprises are expected to realize the importance of expediting their digital transformation rise through investment in powerful and easy-to-use tools such as marketing and sales SaaS solutions.

### OVERVIEW OF THE PRECISION MARKETING MARKET IN CHINA

#### Development of the Precision Marketing Market in China

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



Source: Frost & Sullivan

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

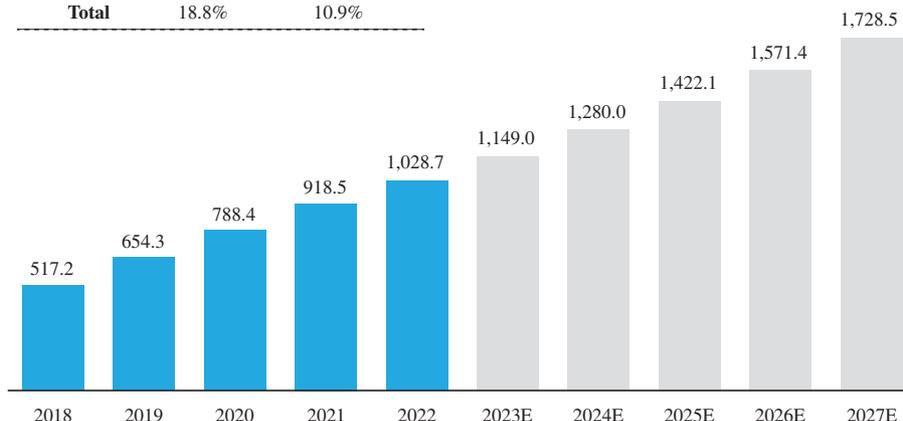
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## INDUSTRY OVERVIEW

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

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



Source: Frost & Sullivan

### Drivers of the Precision Marketing Market in China

- **Increasing number of internet users.** Huge opportunities for online advertising arise from the growing number of internet users. According to Frost & Sullivan, internet users in China increased from 903.6 million in 2019 to 1,092.0 million in 2023, with a CAGR of 4.8% and a penetration rate of 77.5% in 2023. The number of internet users is expected to reach 1,212.8 million with a penetration rate of 86.7% in 2028. The population of internet users produces huge online traffic and provides a broad target base for advertisers.
- **Commercialization of short video platforms.** Following their rapid growth, short video platforms in China have accumulated an extremely large base of daily online traffic. They are able to monetize their online traffic through selling advertisement inventories, which provide favorable media platforms for advertisers in the precision marketing market.
- **Optimal results brought by online advertising.** Compared with traditional advertising, the performance of which is difficult to track both during and after an advertising campaign, online advertising enables advertisers to track the performance and analyze results of advertisements in real time. In addition, online marketing can increase the conversion rate of potential customers to paying customers by providing a much more efficient way for potential customers to purchase products/services after seeing an advertisement online.
- **Synergies with marketing and sales SaaS solutions.** Advertisers who employ marketing and sales SaaS solutions for online precision marketing activities are able to target potential customers more efficiently, which in turn would encourage increased investment in online marketing. Advances in technology, especially marketing and sales SaaS solutions, creates synergies with precision marketing, driving the growth of the precision marketing market.

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## INDUSTRY OVERVIEW

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

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

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

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

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

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

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## INDUSTRY OVERVIEW

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

### SOURCE OF INFORMATION

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

We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industries in which we operate. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. The Directors confirm and the Joint Sponsors concur that, having exercised reasonable care, there have been no adverse changes in market information, taken as a whole since the date of the Frost & Sullivan report, that would materially limit, contradict or adversely affect these data.

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## REGULATORY OVERVIEW

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### REGULATIONS

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

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

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

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

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## REGULATORY OVERVIEW

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

### Regulations on Internet Security

#### *Information Security*

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

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

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

#### *Cybersecurity Review and Data Export Security Assessment*

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

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

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

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

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

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

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

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

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

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

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

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

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

### *Algorithm Governance*

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

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

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

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

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

### **Regulations on Privacy Protection**

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

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

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

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

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

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### Regulations Relating to Advertising Business

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

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

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

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

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

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

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

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

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

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

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The Implementation Rules to the Foreign Investment Law further clarifies that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening. The competent investment department and commerce department of the State Council shall be responsible for proposing the negative list for the State Council's approval.

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

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

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

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

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

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

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

#### *Copyright and Software Registration*

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

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“cinematographic works and works created by a process analogous to cinematography”; and (iii) refining evidential rules on the amount of compensation for copyright infringement. As of the Latest Practicable Date, the Group has 704 software copyrights registrations in the PRC.

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

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

### *Trademark*

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

On April 29, 2014, the State Council issued the amended Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), or the 2014 Trademark Regulation, which became effective on May 1, 2014, and specified the requirements of applying for trademark registration and renewal. According to the 2014 Trademark Regulation, using a trademark that is identical to or similar to a registered trademark in connection with

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the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages.

### *Patent*

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Once the infringement of patent is confirmed, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc. On October 17, 2020, the SCNPC adopted the amendment to the Patent Law, or the 2020 Patent Law, which took effect on June 1, 2021. The 2020 Patent Law further strengthens patent protection. For example, (i) the design patent term extends from 10 years to 15 years, and rights holders can also now claim part of an entire product design; (ii) an invention will not lose its novelty in the event that it is firstly published for public interest under a national “state of emergency” or under “extraordinary circumstances” within 6 months after the application date of such invention; and (iii) the maximum statutory damages increase from RMB1,000,000 to RMB5,000,000. As of the Latest Practicable Date, the Group has 22 patent registrations in the PRC.

### *Domain Name*

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

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### Regulations Relating to Labor Protection in the PRC

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

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated by the Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Contract Law and subsisting within the validity period thereof shall continue to be honored. With respect to a circumstance where a labor relationship has already been established before the implementation of the Labor Contract Law but no formal contract has been made, a written labor contract shall be entered into within one month from the effective date of the Labor Contract Law. In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as “dispatched workers.” Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. The Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》), issued by the Ministry of Human Resources and Social Security of the People’s Republic of China, on January 24, 2014, and came into effect on March 1, 2014, requires the number of dispatched workers to not exceed 10% of the total number of employees.

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was implemented on July 1, 2011, and amended on December 29, 2018, an employer that fails to make social insurance contributions

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in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% per day by the social security premium collection agency, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council, which was last amended and took effect on March 24, 2019, an enterprise that fails to make housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline by the housing provident fund management center; otherwise, an application may be made to a local court for compulsory enforcement.

### **Regulations Relating to Leasing**

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

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

### **Regulations Relating to Tax in the PRC**

#### *Enterprise Income Tax*

On March 16, 2007, the SCNPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) or the EIT Law, which was last amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) on December 6, 2007, which were last amended on April 23, 2019. According to the EIT Law, taxpayers consist of

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resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the State Taxation Administration (the “SAT”), or the Circular 82, on April 22, 2009, and effective on January 1, 2008, and partially repealed on December 29, 2017, and became effective on the same date, sets up a more specific definition of “actual or de facto control” standard.

### *Value-Added Tax*

According to the Interim Regulation of the PRC on Value Added Tax (the “VAT”) (《中華人民共和國增值稅暫行條例》), or the VAT Regulations, issued by the State Council on December 13, 1993, and last revised on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax (《中華人民共和國增值稅暫行條例實施細則》) issued by the Ministry of Finance, or the MOF, on December 25, 1993, and last revised on October 28, 2011, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period. According to the VAT Regulations, the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6%, unless otherwise stipulated. Our services are subject to VAT at the rate of 6% in accordance with the VAT regulations. According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and came into effect on April 1, 2019, from April 1, 2019 to December 31, 2021, a taxpayer engaged in production or livelihood services is allowed to have a 10% weighted deduction of creditable input VAT in the current period from the tax amount payable (the “**Weighted VAT Deduction Policy**”). On March 3, 2022, MOF and SAT issued Announcement on Value-added Tax Policies for Promoting the Relief and Development of Distressed Industries in the Service Field, which extended the Weighted VAT Deduction Policy to December 31, 2022. Subsequently, Announcement on Clarifying VAT Relief and Other Policies for Small-scale VAT Taxpayers, issued by MOF and SAT on January 9, 2023, allowed the eligible taxpayers to deduct weighted 5% of the current deductible input VAT from the tax payable during the period from January 1, 2023 to December 31, 2023.

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### *Dividend Withholding Tax*

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

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

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

### *Income Tax for Share Transfers*

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

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

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

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### Regulations Relating to Foreign Exchange

#### *Foreign Currency Exchange*

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

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

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

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

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

In October 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which was amended by SAFE on December 4, 2023, and, among other things, allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) jointly promulgated by the People's Bank of China, NDRC, MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020, and took effect on February 4, 2021, allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

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

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

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

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

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procedures with respect to the share incentive plans on behalf of the participants, and (iii) retain an overseas institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

### *Overseas Listing and M&A*

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

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

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## REGULATORY OVERVIEW

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6 led by the NDRC and MOFCOM under the leadership of the State Council, to carry out the security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. These laws and regulations are continually evolving as the recently enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment (《外商投資安全審查辦法》) was jointly issued by NDRC and MOFCOM, which became effective on January 18, 2021. The Measures for the Security Review for Foreign Investment contains provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

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

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

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

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## REGULATORY OVERVIEW

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regulators. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on any material events, such as change of control, investigation or punishment taken by overseas securities regulatory authorities, change of listing status or listing plate, or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

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

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### OVERVIEW

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

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

From 2015 to 2019, we continued to expand our business coverage and successively set up branch offices in Shenzhen, Chengdu, Suzhou, Wenzhou, Hangzhou, and Ningbo. During this period, we continued to improve our products and offerings to gain greater competitive advantages. In 2017, we started to integrate various products in T cloud and offered as a package, including major functions such as online customer service, remarketing campaigns, and H5 page design. We introduced major updates for two main categories of functions, namely, intelligent official platform building and smart marketing content distribution, and launched various key functions including mini program development, hot topic identification and promotion materials generation. In addition, we substantially upgraded our official website building and mini program development functions to enable visualized design. In 2018, we

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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added key customer management functions based on the WeChat platform as well as mini-program e-commerce tools, helping our customers improve operation efficiency. In 2019, we also transitioned T Cloud from client version to a web-based product, linking the various functions, data produced, and customer accounts together.

Starting from 2019, with various governmental policies favorable to the development of SaaS enterprises being introduced, our management team predicted that the Chinese marketing and sales SaaS market would enter a rapid development stage. Therefore, we made further investments in research and development activities and expanded our sales network in order to gain first-mover advantages. Our R&D team expanded from more than 140 staff in 2019 to more than 200 staff in 2020. As of January 1, 2020, we provided 35 functional modules under our SaaS business, and we have continued to expand our offerings since then, with the number of functional modules growing to 52 as of December 31, 2020 and further to 237 as of December 31, 2023. With the rise of short video platforms, we continued to enrich the modules for short video marketing product in our products in 2020. We launched our one-stop sales SaaS product, True Client, in 2021, continuously enriching our SaaS product matrix. Starting from 2021, we expanded our operations and set up offices in more than ten cities, such as Zhongshan, Guangzhou, Nanjing, and Dongguan. Our sales offices for SaaS business covered nine cities as of December 31, 2019, which extended to 23 cities as of December 31, 2023. Our sales team expanded from more than 510 staff as of December 31, 2019 to more than 670 staff as of December 31, 2020, and further to more than 900 staff as of December 31, 2023. Meanwhile, our administrative team expanded from more than 210 staff as of December 31, 2019 to more than 390 staff as of December 31, 2020 and remained at 391 staff as of December 31, 2023, respectively. Benefiting from our efforts in refining SaaS products and increasing marketing and promotional activities, we expanded our customer base of SaaS business, which increased from 24,127 in 2021 to 25,495 in 2023. The average contract value per user concurrently increased from RMB45,026 in 2021 to RMB51,238 in 2023. While we once experienced reduced marketing activities and higher customer attrition under the adverse impact of the pandemic in 2022, we had resumed with the expansion of our SaaS business since early 2023, leveraging our established sales network.

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### MILESTONES OF DEVELOPMENT

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

<b>Year</b>	<b>Event</b>
2009	Shanghai Trueland was established in Shanghai.
2011	Shanghai Kaililong was established in Shanghai.
2013	Shanghai Trueland launched SaaS service business.  We commenced designing and construction of our Marketingforce platform.
2014	Wuxi Trueland was established in Wuxi.
2015	We launched our signature all-in-one marketing SaaS product T Cloud at 360 software open platform.  Guangdong Trueland was established in Guangdong.
2019	We won the Second Prize for National Science and Technology Progress Award.  We upgraded T Cloud from client version to a web-based software.
2020	We introduced the functional modules for short videos production, distribution and management on T Cloud.
2021	We launched our signature all-in-one sales SaaS product True Client.
2022	Hubei Trueland Digital Intelligent Technology Co., Ltd. was established in Hubei.

See "Business – Awards and Recognitions" for further details.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### CORPORATE DEVELOPMENT OF OUR GROUP

#### Our Major Subsidiaries and Consolidated Affiliated Entities

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

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

#### Commencement of our business and onshore equity financing

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

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

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

During the period from December 2015 to February 2021, Shanghai Trueland conducted multiple rounds of onshore financings, through which the onshore affiliates of the Pre-IPO Investors invested in our business. The capital structure of Shanghai Trueland following such onshore financings and additional transfers among shareholders immediately prior to the Reorganization is set out in the table below.

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

*Notes:*

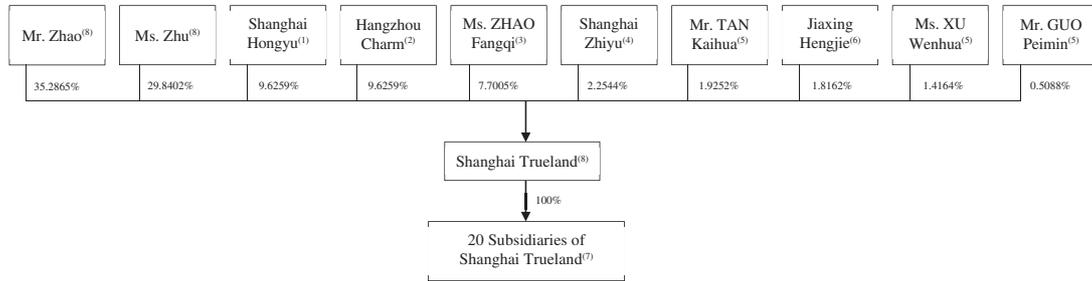
- (1) Shanghai Hongyu is a limited partnership incorporated in the PRC as our employee stock ownership platform held by Mr. XU Jiankang, our executive Director and senior vice president, as to 39.41% interest as general partner, and other 15 staff of the Group as to 60.59% interest as limited partners,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

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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

### REORGANIZATION

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



#### Notes:

For notes (1) to (6), please see “– Corporate Development of Our Group – Commencement of our business and onshore equity financing” above.

- (7) There were 20 subsidiaries of Shanghai Trueland immediately prior to the Reorganization, namely, Trueland Network, Chengdu Trueland, Shanghai Kaililong, Wuxi Kaililong, Kaililong (Guangzhou) Information Technology Co., Ltd. (凱麗隆(廣州)信息科技有限公司), Guangdong Trueland, Ningbo Trueland Information Technology Co., Ltd. (寧波珍島信息技術有限公司), Wenzhou Trueland Information Technology Co., Ltd. (溫州珍島信息技術有限公司), Suzhou Trueland Information Technology Co., Ltd. (蘇州珍島信息技術有限公司), Hangzhou Trueland Information Technology Co., Ltd. (杭州珍島信息技術有限公司), Shanghai Trueland Intelligence Technology Group Co., Ltd. (上海珍島智能技術集團有限公司), Trueland Digital, Dongchali, Jinhua Trueland Information Technology Co., Ltd. (金華市珍島信息技術有限公司), Zhongshan Trueland Information Technology Co., Ltd. (中山珍島信息技術有限公司), Taizhou Trueland Information Technology Co., Ltd. (台州珍島信息技術有限公司), Kunshan Trueland Information Technology Co., Ltd. (崑山珍島信息技術有限公司), Wuxi Trueland, Wuxi Trueland Intelligence Technology Co., Ltd (無錫珍島智能技術有限公司) and Shanghai Kaililong Big Data Technology Group Co., Ltd. (上海凱麗隆大數據科技集團有限公司).
- (8) Pursuant to an acting-in-concert agreement dated September 8, 2021 (“**AIC Agreement**”), with a view to acknowledging the control status at the level of Shanghai Trueland before our Company obtaining control over Shanghai Trueland and its subsidiaries through the Contractual Arrangements as the offshore holding entity of the whole Group, Mr. Zhao and Ms. Zhu confirmed and acknowledged, among other things, they had been aligning their votes at the board and/or shareholders’ meetings of Shanghai Trueland in accordance with the consensus achieved between them, and therefore were acting in concert in practice; and in the event that they were unable to reach consensus on any matter presented, they agreed to vote in accordance with the opinion of Mr. Zhao. Pursuant to a termination agreement dated September 15, 2023 and a supplemental agreement dated April 1, 2024, Mr. Zhao and Ms. Zhu further clarified and confirmed that the AIC Agreement was to confirm that they had been acting in concert at the level of Shanghai Trueland before the date when the Contractual Arrangements became effective, namely, September 8, 2021. Based on the above, as advised by our PRC Legal Advisor, the AIC Agreement does not affect (i) the effective control of Shanghai Trueland according to the Contractual Arrangements, or (ii) the legality of the Contractual Arrangements.

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

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

### 1. Incorporation of our Company

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

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

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

*Notes:*

As of the Latest Practicable Date,

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

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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

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

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

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

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

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

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

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

On September 8, 2021, Marketingforce Network entered into various agreements that constitute the Contractual Arrangements with, among others, Shanghai Trueland, under which all economic benefits arising from the business of our Consolidated Affiliated Entities are transferred to Marketingforce Network to the extent permitted by the PRC laws and regulations. The Contractual Arrangement has been further amended and restated on April 25, 2024 in preparation for the Listing. For further details on the Contractual Arrangements, please see “Contractual Arrangements” in this prospectus.

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

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

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

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

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

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

**EARLY INVESTMENTS IN SHANGHAI TRUELAND AND PRE-IPO INVESTMENTS**

**1. Overview**

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

Relevant Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup>	Settlement date of the consideration	Number of Shares held immediately upon the Listing	Investment cost per Share immediately upon the Listing (HKD)	Premium/Discount to the Offer Price <sup>(3)</sup>
Mr. GUO Peimin	Interest in Shanghai Trueland transferred from Ms. Zhu	December 24, 2015	5,088 <sup>(5)</sup>	-	-	-	RMB3,700,000 <sup>(5)</sup>	RMB727	May 9, 2017	1,017,600 <sup>(5)</sup>	4.01	(90.79)%
Shanghai Zhiyu	Interest in Shanghai Trueland transferred from Mr. Zhao	December 25, 2015	22,344 <sup>(6)</sup>	-	-	-	RMB16,400,000	RMB727	January 22, 2016	4,508,800	4.01	(90.79)%
Shanghai Shunying <sup>(7)(8)</sup>	Interest in Shanghai Trueland transferred from YU Ping and GUO Peimin to Hangzhou Charm and Subscription by Hangzhou Charm	March 30, 2017 <sup>(7)</sup>	-	96,259	-	-	RMB96,000,000	RMB997	June 22, 2021 <sup>(7)</sup>	5,629,200	5.49 <sup>(8)</sup>	(87.37)%
Ms. XU Wenhua	Interest in Shanghai Trueland transferred from Mr. Guo Peimin	December 26, 2019	14,164 <sup>(9)</sup>	-	-	-	RMB20,350,000	RMB1,437	April 17, 2020	2,832,800 <sup>(9)</sup>	7.91	(81.81)%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Relevant Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup>	Settlement date of the consideration	Number of Shares held immediately upon the Listing	Investment cost per Share immediately upon the Listing (HKD)	Premium/Discount to the Offer Price <sup>(3)</sup>
Jiaxing Hengjie <sup>(10)</sup>	Interest in Shanghai Trueland transferred from Shanghai Tenghui Venture Capital Partnership Enterprise (Limited Partnership) (“Tenghui”)	October 12, 2020	-	-	18,162	-	RMB32,560,000	RMB1,793	July 21, 2021 <sup>(7)</sup>	3,632,400	9.88	(77.30)%
Mr. TAN Kaihua	Interest in Shanghai Trueland transferred from Beijing Huaxi	February 6, 2021	19,252 <sup>(11)</sup>	-	-	-	RMB14,000,000	RMB727	October 20, 2021	3,850,400 <sup>(11)</sup>	4.01	(90.79)%
NB DIGITAL Evergreen Investment Limited Partnership (“NB Digital”) <sup>(12)</sup>	Transferred from William Zhao I Limited	May 28, 2021 <sup>(13)</sup>	-	53,928	-	-	RMB133,200,000	RMB2,470	November 18, 2021	10,785,600	13.61	(68.72)%
LIHONG INVESTMENT CO., LIMITED (“Lihong”) <sup>(15)</sup>	Subscription	June 9, 2021 and June 18, 2021	-	-	-	33,835	US\$22,500,000	US\$665	June 21, 2021	6,767,000	26.03	(40.16)%
Top Mountain Shuye LP (“Top Mountain”) <sup>(14)</sup>	Subscription	June 18, 2021	-	-	-	4,511	US\$3,000,000	US\$665	June 22, 2021	0	-	N.A.
Top Mountain Shuye LP (“Top Mountain”) <sup>(14)</sup>	Transferred from William Zhao Limited	June 28, 2021	7,519	-	-	-	US\$4,000,000	US\$532	July 30, 2021	1,503,800	20.82	(52.13)%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Relevant Investor	Acquisition method	Date of the subscription/transfer agreement	Ordinary Shares acquired <sup>(1)</sup>	Series A-1 Preferred Shares acquired <sup>(1)(4)</sup>	Series A-2 Preferred Shares acquired <sup>(1)</sup>	Series B Preferred Shares acquired <sup>(1)</sup>	Total consideration	Investment cost per Share <sup>(2)</sup>	Settlement date of the consideration	Number of Shares held immediately upon the Listing	Investment cost per Share immediately upon the Listing (HKD)	Premium/Discount) to the Offer Price <sup>(3)</sup>
Great Boom Group <sup>(14)</sup> Limited (旺佳集團有限公司) ("Great Boom")	Transferred from William Zhao Limited	July 20, 2021	9,398	-	-	-	US\$5,000,000	US\$532	July 30, 2021	1,879,600	20.83	(52.12)%
Zhenjun HE <sup>(14)</sup>	Transferred from William Zhao Limited	July 26, 2021	13,158	-	-	-	US\$7,000,000	US\$532	August 10, 2021	2,631,600	20.83	(52.12)%
Multi Link Corporate <sup>(14)</sup> Development Limited (港聯企業發展有限公司) ("Multi Link")	Transferred from William Zhao Limited	July 30, 2021	5,639	-	-	-	US\$3,000,000	US\$532	August 4, 2021	1,127,800	20.83	(52.12)%
CCBI Overseas	Subscription	August 27, 2021 <sup>(16)</sup>	-	-	-	30,075	US\$19,999,875	US\$665	November 10, 2021	6,015,000	26.03	(40.16)%
Haorong Co., Limited ("Haorong")	Subscription	September 10, 2021	-	-	-	6,974	US\$4,638,000	US\$665	September 14, 2021	1,394,800	26.03	(40.16)%
Rongjing Co. Limited ("Rongjing")	Transferred from William Zhao Limited	September 17, 2021	-	-	-	45,113	US\$30,000,000	US\$665	September 21, 2021 and September 22, 2021	9,022,600	26.03	(40.16)%
NB Digital	Subscription	September 28, 2021	-	-	-	18,045	US\$12,000,000	US\$665	September 29, 2021	3,609,000	26.03	(40.16)%
Miracle International Development Limited ("Miracle International") <sup>(15)</sup>	Transferred from Lihong	December 29, 2021	-	-	-	4,511	US\$3,000,000	US\$665	January 4, 2022	902,200	26.03	(40.16)%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

### Notes:

- (1) The numbers of Ordinary Shares and Preferred Shares acquired by the Pre-IPO Investors as set out in the above table has not taken into account the subsequent adjustment as a result of the 2022 Share Subdivision and the Share Subdivision. For the numbers of Shares held by each of the Pre-IPO Investors as of the Latest Practicable Date following the 2022 Share Subdivision, please see “– Shareholding Structure of our Company” below. Upon the Listing and the completion of the Share Subdivision and the Global Offering, all the Preferred Shares will be automatically converted into Ordinary Shares. Please see “Share Capital” in this prospectus for details.
- (2) Calculated based on the number of shares acquired by the Pre-IPO Investors as set out in the above table without taking any subsequent adjustment as a result of the 2022 Share Subdivision and the Share Subdivision.
- (3) For the purpose of better illustrating the premium or discount to the Offer Price, the premium/discount here is calculated as if the 2022 Share Subdivision and the Share Subdivision had taken place before the closing of the Pre-IPO Investments and on the assumption that the Offer Price is HK\$43.50, being the mid-point of the indicative Offer Price range. With respect to the investment in the Company made by Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited and Wenhua Xu Limited, for the purpose of better illustrating the discount to the Offer Price as compared to the investment cost per Share, the discounts here are calculated based on (i) the early capital investment in Shanghai Trueland made by Shanghai Zhiyu, Mr. TAN Kaihua, Mr. GUO Peimin and Ms. XU Wenhua in the total amount of RMB16,400,000, RMB14,000,000, approximately RMB3,700,000 and RMB20,350,000, respectively; divided by (ii) the total amount of shares allotted by the Company to Shanghai Zhiyu Limited, Kaihua Tan Limited, Peimin Guo Limited and Wenhua Xu Limited in 2021, as further adjusted by the 2022 Share Subdivision and the Share Subdivision.
- (4) Mr. Zhao, our Controlling Shareholder, acquired 14,185 Series A-1 Preferred Shares through Willian Zhao I Limited, a limited company incorporated on May 7, 2021 in BVI and wholly owned by Mr. Zhao through Willam Zhao Limited.
- (5) As part of the Reorganization, on February 23, 2021, our Shareholders approved the issue and allotment of 5,088 Shares to Peimin Guo Limited, which is wholly-owned by Mr. GUO Peimin, at par value, in order to reflect the remaining balance, amounting to approximately RMB3,700,000, of the early investment made by Mr. GUO Peimin in Shanghai Trueland in 2015 and the shareholding of Mr. GUO Peimin in Shanghai Trueland immediately prior to the Reorganization.

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

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

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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

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

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

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

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

### 2. Principal Terms of the Pre-IPO Investments

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

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

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- Basis of determining the consideration paid** : The consideration for the Pre-IPO Investments were determined based on arm's length negotiations between our Company (or the respective selling shareholders, as applicable) and the Pre-IPO Investors with reference to various factors, including (a) the appraised market value of equity interests in Shanghai Trueland or our Company (as the case may be); (b) the timing of the investments and the organic expansion and growth of the Group prior to the relevant investments; (c) the rights may be enjoyed by the Pre-IPO Investors; (d) the Pre-IPO Investors' strategic input in the management and general corporate governance practices of our Company; (e) the knowledge, resources and experience of the Pre-IPO Investor in capital markets, and business networks; and (f) the prospects of our business in the long run.
- Lock-up period** : Each holder of the Ordinary Shares agrees to be subject to a maximum of 180-day lock-up period commencing on the date of this prospectus and ending on a date specified by the Company and the Underwriters. In addition, each existing Shareholder has entered into a deed of lock-up undertaking on May 3, 2024 (the "**Deed**"), pursuant to which it has agreed to be subject to a lock-up period commencing on the date of the Deed and ending on (and including) a date which is nine or 12 months from the Listing Date. For details, see "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings by the Existing Shareholders" in this prospectus.
- Special rights** : Special rights granted to the Pre-IPO Investors pursuant to the second amended and restated shareholders' agreement and the fourth amended and restated memorandum and articles of association include the customary protective provisions, rights of first refusal and co-sale, pre-emptive right, director election rights, redemption rights, information rights and etc. The redemption right shall cease to be exercisable when our Company filed its listing application and be discontinued immediately upon completion of the Global Offering, while all other special rights shall be terminated upon completion of the Global Offering.

### **3. Information on the Pre-IPO Investors**

#### ***Shanghai Zhiyu Limited***

Shanghai Zhiyu Limited, a company incorporated on February 9, 2021 in BVI, is primarily engaged in equity investment and was owned by SUN Yongchao, BI Kefa and the other four individual shareholders as to 2.68%, 71.71% and 25.61%, respectively, all of whom are PRC citizens and Independent Third Parties as of the Latest Practicable Date. Mr. SUN Yongchao is an associate professor of the advertising department of Shanghai University with extensive teaching and practical experience in the field of advertising and marketing. He has participated in various types of marketing and advertising schemes in the industries of retail, clothing, real estate, and in state-owned enterprises, and has held critical positions in well-known Internet companies. Mr. Sun has successively invested in and participated in the management and operation of the Internet and education and training enterprises. Mr. Sun and Mr. Zhao, the founder of our Company, have been friends for more than 20 years. He invested into our Company through Shanghai Zhiyu as he appreciated our operation philosophy, agreed with our operation mode, and was optimistic about the development trend of our Group's technical marketing.

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

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

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

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

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### *Wenhua Xu Limited*

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

### *Mr. Zhenjun HE*

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

### *Great Boom*

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

### *Top Mountain*

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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Each of ZHANG Mingyi, YANG Xiaoning and the eight limited partners of Top Mountain are Independent Third Parties. Top Mountain invested into us as it was optimistic about the prospect of our Company and the management team.

### *Multi Link*

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

### *Shanghai Shunying*

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

### *Jiaxing Hengjie*

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### *NB Digital*

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

### *CCBI Overseas*

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

### *Haorong*

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### *Rongjing*

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

### *Miracle International*

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

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

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

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing and (ii) special right regarding redemption granted to the Pre-IPO Investors in respect of our Company has been suspended upon filing of a listing application and will be terminated upon Listing, with the other special rights granted to the Pre-IPO Investors to be terminated upon Listing as well, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

#### **CONTEMPLATED PRC LISTING**

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

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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

Since the execution of the Guidance Agreement and up to the date of its termination, Shanghai Trueland had not submitted its listing application to the ChiNext market of the Shenzhen Stock Exchange and therefore no comment was received by Shanghai Trueland from CSRC or the relevant stock exchange. Our Directors confirm that, to the best of their knowledge, there were no other matters in relation to the Contemplated A Share Listing that need to be brought to the attention of potential investors under the Global Offering.

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

### 2022 SHARE SUBDIVISION

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

### SHAREHOLDING STRUCTURE OF OUR COMPANY

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

Shareholders	Number of Shares held	Approximate % of shareholding in the Company
Willam Zhao Limited <sup>(1)</sup>	5,440,760	23.74%
Shuina Zhu Limited <sup>(2)</sup>	5,968,040	26.04%
Shanghai Hongyu Limited <sup>(3)</sup>	1,925,180	8.40%

## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

Shareholders	Number of Shares held	Approximate % of shareholding in the Company
Fangqi Zhao Limited <sup>(4)</sup>	1,540,100	6.72%
Shanghai Zhiyu Limited <sup>(5)</sup>	450,880	1.97%
Kaihua Tan Limited <sup>(6)</sup>	385,040	1.68%
Peimin Guo Limited <sup>(7)</sup>	101,760	0.44%
Wenhua Xu Limited <sup>(8)</sup>	283,280	1.24%
Isle Wealth	1,052,640	4.59%
Zhenjun He <sup>(9)</sup>	263,160	1.15%
Multi Link <sup>(10)</sup>	112,780	0.49%
Great Boom <sup>(11)</sup>	187,960	0.82%
Top Mountain <sup>(12)</sup>	150,380	0.66%
Shanghai Shunying <sup>(13)</sup>	562,920	2.46%
Willian Zhao I Limited <sup>(14)</sup>	283,700	1.24%
NB Digital <sup>(15)</sup>	2,116,160	9.23%
Jiaxing Hengjie <sup>(16)</sup>	363,240	1.58%
Haorong <sup>(17)</sup>	139,480	0.61%
CCBI Overseas <sup>(18)</sup>	601,500	2.62%
Rongjing <sup>(19)</sup>	902,260	3.94%
Miracle International <sup>(20)</sup>	90,220	0.39%
<b>Total</b>	<b>22,921,440</b>	<b>100%</b>

*Notes:*

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

### SHARE SUBDIVISION

We expect to conduct the Share Subdivision immediately before the Listing, pursuant to which each Ordinary Share and Preferred Share with par value US\$0.000005 in our issued and unissued share capital will be subdivided into ten Shares with par value US\$0.0000005 each, following which our issued share capital will consist of (i) 178,619,600 Ordinary Shares with par value of US\$0.0000005 each, (ii) 19,251,800 Series A-1 Preferred Shares with par value of US\$0.0000005 each, (iii) 3,632,400 Series A-2 Preferred Shares with par value of US\$0.0000005 each and (iv) 27,710,600 Series B Preferred Shares with par value of US\$0.0000005 each. All the Preferred Shares will be converted into Ordinary Shares upon the Listing and the completion of the Global Offering.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### PUBLIC FLOAT

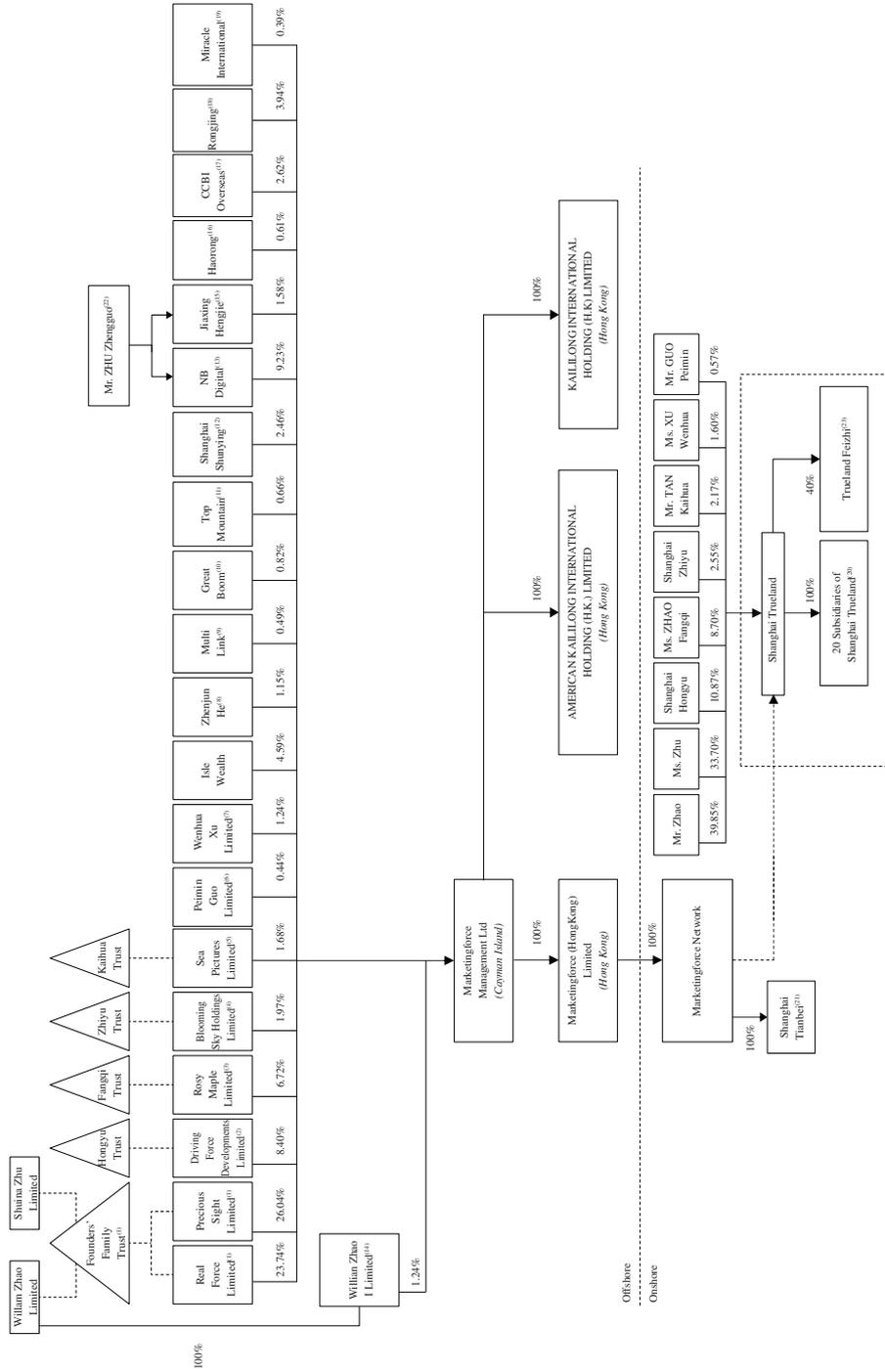
Upon the Listing, the Shares controlled by our Controlling Shareholders, Shanghai Hongyu Limited, Fangqi Zhao Limited, Jiaxing Hengjie and NB Digital will not be counted towards the public float of the Company. Save as disclosed above, to the best of our Directors' knowledge, information and belief, all other existing Shareholders of our Company are not core connected persons of our Company, and therefore a total of 52,842,600 Shares held by other existing Shareholders, representing approximately 22.47% of the total issued Shares upon Listing will be counted towards the public float.

Upon completion of the Global Offering and assuming 5,949,700 Offer Shares are issued to the public Shareholders in the Global Offering, an aggregate of 58,792,300 Shares representing approximately 25.00% of our total issued Shares will be counted towards the public float, which is in compliance with the requirement under Rule 8.08 of the Listing Rules. Further, we expect that not more than 50% of the Shares in public hands at the time of listing will be beneficially owned by the three largest public Shareholders for the purpose of compliance with Rule 8.08(3) at the time of Listing.

**CORPORATE STRUCTURE**

**Corporate structure after the Reorganization and before the Global Offering**

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



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

*Notes:*

- (1) For family wealth management and estate planning purpose, on April 25, 2024, Mr. Zhao and Ms. Zhu transferred their respective interests in the Company directly held by William Zhao Limited as to 5,440,760 Shares and Shuina Zhu Limited as to 5,968,040 Shares to Real Force Limited and Precious Sight Limited (being BVI-incorporated holding vehicles), respectively, for the benefit of the Founders' Family Trust. Further, William Zhao I Limited, a company wholly owned by Mr. Zhao through William Zhao Limited, also directly held 283,700 Shares in the Company as of the Latest Practicable Date. As of the Latest Practicable Date, each of Real Force Limited and Precious Sight Limited, being a BVI-incorporated holding vehicle, is indirectly controlled by the Founders' Family Trust with Mr. Zhao as the settlor, The Core Trust Company Limited as the trustee, Ms. Zhu as the protector and William Zhao Limited (which is wholly owned by Mr. Zhao) and Shuina Zhu Limited (which is wholly owned by Ms. Zhu) as beneficiaries. Mr. Zhao, as the settlor, is entitled to certain management powers of the Founders' Family Trust, including such power to nominate and remove beneficiaries of the Founders' Family Trust; and Ms. Zhu, as the protector, is entitled to exercise certain protective powers in the Founders' Family Trust, including power to appoint or remove the trustee of the Founders' Family Trust, the investment and asset management powers in the Founders' Family Trust, etc. In exercising the voting rights attached to their interests in the Company held through the Founders' Family Trust, Mr. Zhao, being the settlor, will issue instructions to the trustee of the Founders' Family Trust, with prior consent from Ms. Zhu, as the protector.
- (2) Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group, all being the beneficial owners of the shares of Shanghai Hongyu Limited, as to 39.41% and 60.59%, respectively, as of the Latest Practicable Date. Save for Mr. XU Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited as of the Latest Practicable Date. On April 25, 2024, Shanghai Hongyu Limited transferred 1,925,180 Shares in the Company held by it to Driving Force Developments Limited (being the BVI-incorporated holding vehicle) for the benefit of a trust with Shanghai Hongyu Limited as the settlor and beneficiary, and The Core Trust Company Limited as trustee.
- (3) Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. ZHAO Fangqi as of the Latest Practicable Date. For wealth management and estate planning purpose, on April 25, 2024, Ms. ZHAO Fangqi transferred 1,540,100 Shares in the Company held by her through Fangqi Zhao Limited to Rosy Maple Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust with Ms. ZHAO Fangqi as the settlor, Fangqi Zhao Limited as beneficiary and The Core Trust Company Limited as trustee.
- (4) Shanghai Zhiyu Limited, a company incorporated on February 9, 2021 in BVI, is primarily engaged in equity investment and was owned by SUN Yongchao, BI Kefa and the other four individual shareholders as to 2.68%, 71.71% and 25.61%, respectively, all of whom are PRC citizens and Independent Third Parties as of the Latest Practicable Date. On April 25, 2024, Shanghai Zhiyu Limited transferred 450,880 Shares in the Company held by it to Blooming Sky Holdings Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust with Shanghai Zhiyu Limited as the settlor and beneficiary, and The Core Trust Company Limited as trustee.
- (5) Kaihua Tan Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. TAN Kaihua, a PRC citizen and Independent Third Party as of the Latest Practicable Date. For wealth management and estate planning purpose, on April 25, 2024, Mr. TAN Kaihua transferred 385,040 Shares in the Company held by him through Kaihua Tan Limited to Sea Pictures Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust with Mr. TAN Kaihua as the settlor, Kaihua Tan Limited as beneficiary and The Core Trust Company Limited as trustee.
- (6) Peimin Guo Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Mr. GUO Peimin, a PRC citizen and Independent Third Party as of the Latest Practicable Date.

- (7) Wenhua Xu Limited, a company incorporated on February 8, 2021 in BVI, is primarily engaged in equity investment and was wholly owned by Ms. XU Wenhua, a PRC citizen and Independent Third Party as of the Latest Practicable Date.
- (8) Zhenjun He, an Australian citizen and a private investor primarily engaged in equity investment, was an Independent Third Party as of the Latest Practicable Date.
- (9) Multi Link is a limited company incorporated on July 29, 2013 in BVI. It is primarily engaged in investment and wholly owned by Wu Yi (吳毅), an Independent Third Party. Multi Link was an Independent Third Party as of the Latest Practicable Date.
- (10) Great Boom is an investment vehicle incorporated on January 11, 2013 in the BVI. Its sole director Mr. YU Yusheng engages in property development in China and Australia and has over 20 years of extensive experience in both property development and financial investment, and was an Independent Third Party as at the Latest Practicable Date.
- (11) Top Mountain is a limited partnership incorporated on March 29, 2021 in BVI. It is primarily engaged in enterprise investment and held by TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. and YANG Xiaoning (楊小寧) as the general partners and eight Independent Third Parties as limited partners as to 12.5%, 7.5% and 80%, respectively, none of which holds more than 30% equity interest in Top Mountain. TOP MOUNTAIN INTERNATIONAL GROUP CO., LTD. is wholly owned by an Independent Third Party, namely, ZHANG Mingyi (張明義), YANG Xiaoning and the eight limited partners of Top Mountain are Independent Third Parties. Top Mountain was an Independent Third Party as of the Latest Practicable Date.
- (12) Shanghai Shunying is a limited partnership formed on August 3, 2018 in the PRC held by Hangzhou Shengpan as the general partner and Hangzhou Charm as a limited partner as to 0.005% and 99.995%, respectively. Hangzhou Charm is a limited partnership formed on April 15, 2016 in the PRC held by Hangzhou Shengpan as the general partner and the other 42 Independent Third Parties as limited partners. Each of such 42 limited partners held less than 10% of equity interest in Hangzhou Charm. Hangzhou Shengpan is held by YANG Yan and XIAO Lei as to 50% and 50%, respectively, both of whom are Independent Third Parties. Hangzhou Charm is also a private fund with Morgan Stanley (China) Private Equity Investment Management Co., Ltd. (摩根士丹利(中國)股權投資管理有限公司) acting as its private fund manager.
- (13) NB Digital is an exempted limited partnership incorporated on January 11, 2021 in the Cayman Islands. It is primarily engaged in enterprise investment and owned by NBC as the general partner and other Independent Third Parties as the limited partners. Save for one limited partner, PORTERFIELD VENTURES S.A., a company incorporated in BVI which is wholly owned by an individual who is an Independent Third Party, none of the limited partners held more than 30% interest in NB Digital as of the Latest Practicable Date. NBC is ultimately controlled by Mr. ZHU Zhengguo (朱正國), a Shareholder holding approximately 10.54% equity interest in the Company immediately following the completion of the Global Offering.
- (14) Willian Zhao I Limited is a company incorporated on May 7, 2021 in BVI and was wholly owned by Mr. Zhao through William Zhao Limited as of the Latest Practicable Date.
- (15) Jiaxing Hengjie is a limited partnership incorporated in the PRC on June 22, 2020. It is primarily engaged in equity investment and managed and controlled by Tianjin Hongdao North Beta being the general partner as to 5.70% interest. The remaining interest in Jiaxing Hengjie is held by 16 limited partners. Save for Mr. HUANG Shaodong, our non-executive Director, who holds approximately 13.39% interest in Jiaxing Hengjie as a limited partner, each of the remaining limited partners is an Independent Third Party. Tianjin Hongdao North Beta is a wholly owned subsidiary of Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司), which is in turn controlled by Mr. ZHU Zhengguo (朱正國), a Shareholder holding approximately 10.54% equity interest in the Company immediately following the completion of the Global Offering.

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



(1) to (23) please refer to the corresponding notes (1) to (23) under the corporate chart as set out in “History, Reorganization and Corporate Development – Corporate Structure – Corporate structure after the Reorganization and before the Global Offering.”

(24) Other Shareholders are primarily the Shareholders subscribing for the Offer Shares.

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## HISTORY, REORGANIZATION AND CORPORATE DEVELOPMENT

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### COMPLIANCE WITH PRC LAWS AND REGULATIONS

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

### SAFE REGISTRATION

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

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

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

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

### M&A RULES

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

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

### 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 with a variety of needs. Our precision marketing services help advertising customers to precisely and effectively reach target audiences on leading media platforms.

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 through Marketingforce platform. 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 enterprises can improve their marketing results and conversion rates.

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

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## BUSINESS

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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 increasing to RMB702.4 million in 2023, at a CAGR of 26.5%. In 2021, 2022 and 2023, the gross margins of our SaaS products were 90.1%, 89.2% and 87.7%, respectively. In 2021, 2022 and 2023, our revenue from our precision marketing service business was 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 the design and construction of our Marketingforce platform, the starting point of our journey to offer all-in-one marketing and sales solutions to Chinese enterprises. We continue enriching and enhancing product offerings through developing new functions, researching and applying the latest technologies and improving user experience with a customer-centric principle. Today, we offer all-in-one marketing and sales SaaS products through the 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 of 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 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 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, and users often 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 integrating our technology achievements, marketing methodologies and practical experience into one platform, Marketingforce represents our capabilities to deliver comprehensive marketing and sales solutions to customers. We structure the Marketingforce platform as a multi-layer architecture, with the technology infrastructure, data middle platform and SaaS products integrating closely with one another. The Marketingforce platform has absorbed our recent marketing methodologies, as we design, develop and structure our offerings in a way to match our marketing and sales process. As of December 31, 2023, our functional module platform contains 237 functional modules that cover the six critical stages of the entire process of marketing and sales, including content and experience, advertising and promotion, social and relationships, sales and delight, data and analytics, and strategy and management. The Marketingforce platform enables our SaaS product development, iteration and customization. Functional modules that are ready for use can reduce the time and resources needed for development, and new modules can be conveniently added to users' subscriptions without disrupting the existing products. With the support of the Marketingforce platform, users can conveniently monitor, manage and operate all SaaS products offered by us through a single account, integrating data across different products and generating meaningful insights.

Based on the common needs of specific customer groups, we have designed and launched two signature SaaS products: our marketing SaaS product, T Cloud, and our sales SaaS product, True Client, both of which contain pre-configured functional modules selected by us from our functional module matrix to form suitable marketing methodologies. Targeting B2B enterprises' marketing demands, T Cloud delivers intelligent inbound marketing methodologies to help customers realize effective leads generation and conversion. True 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 backgrounds to quickly adapt to the features and functions. Users of T Cloud and True Client may freely customize their subscribed versions by tailoring the combination of or adding additional functional modules. As a result, our SaaS products manage to serve enterprises throughout business life cycles with varying needs, arising from the growing demand for marketing and sales resources, expanded

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operational scales, complicated business models and fierce commercial competitions. By providing uniform experiences in a scalable manner, we believe we have been set apart from our competitors with advantageous 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 developing new technologies and products. We believe that strong in-house R&D capabilities are the source of innovation, and we have formed a comprehensive 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.

Our cloud computing architecture supports product development, operation and maintenance across several layers, including the essential cloud computing and data foundation, a data middleware platform, and a matrix of SaaS functional modules. The expandable computing capacity and data security, which underpin the functionality of Marketingforce platform, contribute to the reliability of our products. The data middle platform serves as a centralized database that facilitates data synchronization and integration across functional modules built thereupon, allowing users a full picture of their businesses. It also contains several basic modules, improving 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. The Marketingforce platform undergoes a constant improvement process as it is able to optimize its algorithms based on marketing effects and sales performances, which would further enhance product functions, and ultimately create a flywheel effect.

We continue to enhance our SaaS products to better address our customers' needs. Our SaaS products improve the operational efficiency and effectiveness of our customer acquisition process, from intelligent 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

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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 the National Science and Technology Progress Award, and the First Prize for the Shanghai Science and Technology Progress Award. We have been certified as a National High-Tech Enterprise and enjoy favorable tax treatment. Furthermore, 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 capabilities, 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.

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

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

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

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

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

### **OUR STRATEGIES**

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

#### **Further consolidate our market leadership in the 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 shares. 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 the Marketingforce platform and raise the overall competitiveness of our 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.

### **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, 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.

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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.

### **Strategic acquisitions and investments**

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

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

### **BUSINESS SUSTAINABILITY**

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

In the future, we plan to further enhance our financial performance by: (i) expanding our customer base; (ii) improving product performance and enriching the 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 our customer base leveraging our established sales network.

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 Proceeds” 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 customer numbers. In addition, we plan to recruit more seasoned sales personnel with experience in the 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, 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 users. Moreover, as we continue optimizing product performance and enriching our 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 each 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.

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### 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 our 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 the 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.

We plan to continue improving and optimizing product performance and enriching our 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 upgrading 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
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

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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 requires investments in on-ground marketing and promotion activities. We have been committed to building an efficient sales network for our SaaS business and mechanisms 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 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 listing 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 bonuses 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.

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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, such as the development of system browser extensions that enhance the functionality of our products. Meanwhile, we focus on the in-house R&D activities on core technologies development, which allows us to further upgrade functional modules for our SaaS products and enhance the data analytics capability of our Marketingforce platform. See “Financial Information – Description of Major Components 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 stayed competitive, which further incentivized users to increase their spending. The monthly average revenue per user increased from RMB2,489 in 2021 to RMB2,759 in 2022 and further increased to RMB3,432 in 2023. To maintain our strength in R&D capabilities, we expect our research and development expenses to grow alongside 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 Listing.

### **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 the 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 processes. 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.

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Our SaaS business and precision marketing services complement each other by focusing on resolving different concerns of enterprises during the marketing and sales process. Our marketing and sales SaaS products primarily target B2B enterprises with the intention of improving marketing and sales efficiency through digital means. Features of our marketing SaaS products enable them to efficiently distribute auto-generated marketing content on free-of-charge media platforms or those that 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 rates 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 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 audiences. 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 rates.

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

	<b>SaaS Business (Marketing SaaS)</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Service scope</b>	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
<b>Major customer types</b>	B2B companies	B2C companies	B2C companies

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	<b>SaaS Business (Marketing SaaS)</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Major media platforms</b>	Our marketing SaaS products primarily help users utilize free or low-cost internet traffic in both public and private domains, 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 the 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 the 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
<b>Traffic acquisition costs charged by media platforms</b>	The traffic is typically free-of-charge or offered at low costs	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT	The media platforms charge us for advertisement inventories based on CPC, CPM or CPT

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**BUSINESS**

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	<b>SaaS Business (Marketing SaaS)</b>	<b>Online Advertisement Solution Services</b>	<b>Online Advertisement Distribution Services</b>
<b>Pricing policies</b>	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 the service capacity; see “– SaaS Business – Pricing Model”	We charge our customers based on the traffic procured at the same prices that media platforms charge us, without markup; the payment by customers is subject to predetermined advertising budgets and our completion of KPIs	We charge our customers based on the traffic procured at the same prices that media platforms charge us, without markup
<b>Rebates from media platforms</b>	N/A	The media platforms grant us a certain amount of rebates based on the traffic procured	The media platforms grant us a certain amount of rebates based on the traffic procured
<b>Rebates to advertisers</b>	N/A	We offer rebates to advertisers as incentives	We offer rebates to advertisers as incentives
<b>Revenue model</b>	Revenue is recognized in the form of SaaS subscription fees	Revenue is recognized on a gross basis, being the service fees (charged mainly based on the traffic procured) deducting rebates offered to the advertisers	Revenue is recognized on a net basis, being the amount of rebate granted by media platforms deducting rebates offered to the advertisers

## BUSINESS

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

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

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

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

Revenue generated from our precision marketing services increased from RMB438.6 million in 2021 to RMB612.9 million in 2022. The increase was mainly due to the continuous enhancement of our marketing capability and improvement of service quality, strategic focus on quality advertising customers, and the fast development of the online marketing market in China. Revenue generated from our precision marketing services decreased from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily due to the decrease in the revenue

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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.

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

	Year ended December 31,					
	2021		2022		2023	
	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)	Gross Profit	Gross Margin (%)
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	395,092	90.1	472,685	89.2	616,155	87.7
Precision marketing services	82,715	18.9	87,353	14.3	90,027	17.0
<b>Total</b>	477,807	54.5	560,038	49.0	706,182	57.3

During the Track Record Period, our gross profit increased robustly along with our increasing revenue, while the fluctuations in our overall gross margins were primarily due to the changes in our revenue structure. Revenue from our SaaS business entailed relatively high gross margins due to the comparatively lower costs which mainly related to the procurement of third-party services and hardware to support its operation. The gross margin of our SaaS business remained relatively stable during the Track Record Period, being 90.1%, 89.2% and 87.7% in 2021, 2022 and 2023, respectively.

The gross margins of our precision marketing service fluctuated during the Track Record Period, being 18.9% in 2021, 14.3% in 2022 and 17.0% in 2023, generally in line with the changes in the revenue structure. Revenue generated from our online advertisement solution services, accounting for 81.0%, 86.3% and 84.0% of our revenue from precision marketing services in 2021, 2022 and 2023, respectively, was recognized on a gross basis and entailed a relatively lower gross margin of 2.4%, 1.5% and 1.7% for the same years, respectively. By comparison, revenue generated from our online advertisement distribution services, accounting for 19.0%, 13.7% and 16.0% of our revenue from precision marketing services in 2021, 2022 and 2023, respectively, was recognized on a net basis with a higher gross margin of 89.2%, 94.8% and 97.6% for the same years, respectively. The fluctuations in the gross margin of online advertisement solution services were primarily attributable to the changes in rebate rates received from media platforms and granted to customers. See “Business – Precision Marketing – Rebates.” The overall increase in the gross margin of online advertisement distribution services was primarily due to a decrease in the relevant staff costs 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.”

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# BUSINESS

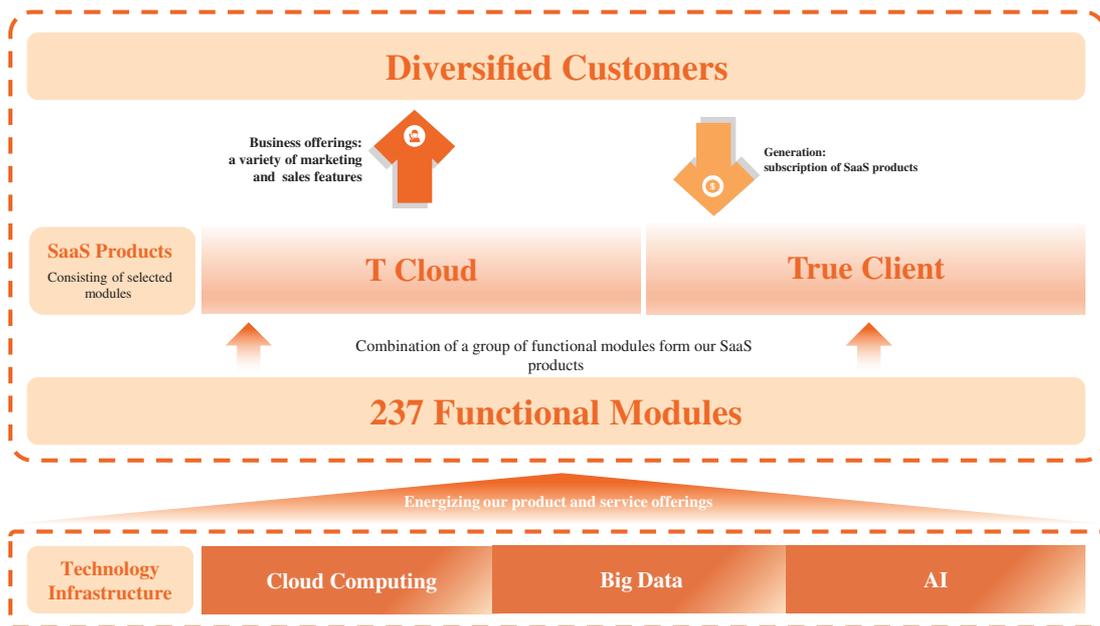
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## SAAS BUSINESS

### Overview

We offer SaaS products to meet each user’s diverse needs for marketing and sales activities, helping businesses from various industries to acquire sales leads, improve conversion rates 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. Employing a modular product development approach, we are able to more efficiently construct, iterate and customize our SaaS products to address the diverse demands of different businesses. This allows our users at their different development stages to customize their subscribed SaaS products by adding new functional modules, expanding the usage limit for certain functions, or purchasing the access to more user accounts efficiently and effectively. See “– SaaS Business – Pricing model.”

Powered by the technology infrastructure including cloud computing, big data and AI technologies, we develop the functional modules, and build and offer our marketing and sales SaaS products by combining a series of functional modules. Together, the infrastructure, the functional module layer and the SaaS products form our Marketingforce platform. The following diagram illustrates our Marketingforce platform:



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**Technology infrastructure.** Our SaaS products are powered by cloud computing, big data and AI technologies. The cloud computing power ensures 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 content 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.

**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 put 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.

Set forth below is an overview of the features of our products:

### **Six Key Areas of Marketing and Sales Methodologies**

### **Feature Description**

#### **Content and Experience**

Marketing content generation is the initial critical step for enterprises to approach their target audiences, while enterprises are facing the challenges to deliver increasingly high-quality content at a higher frequency to appeal to audiences. Our functional modules under this category help enterprises to quickly establish their online presence and efficiently produce quality marketing content. This enables enterprises to more effectively capture the attention of their target audience with smooth online browsing experiences. For example, we provide AI-generated content modules for users to easily create text and image content and edit video content.

**Six Key Areas of Marketing  
and Sales Methodologies****Feature Description****Advertising and Promotion**

Functional modules under this category mainly focus on facilitating enterprises' distribution of marketing content on media platforms. Enterprises are facing the pain points of increasing traffic price and lower return on investment due to the slowdown of overall traffic growth and the concentration of high-quality traffic on media platforms. By delivering advertisements more precisely to audiences searching for relevant information, these functional modules help enterprises to improve their return of marketing investment. For example, we provide content distribution modules to release content on users' official accounts across multiple platforms.

**Social and Relationships**

With the rise of social media platforms, enterprises are becoming increasingly focused on connecting with potential customers and forming their own private domain traffic. However, formulation and implementation of customer management strategies are becoming increasingly complicated with the abundance of social media platforms and diversified customer relationship management scenarios involving private domain traffic. Functional modules under this category are designed to formulate and implement marketing strategies suitable for different private domain traffic scenarios. For example, we provide content strategy formulation modules to help users better profile their customers on social media platforms in the private domain (such as WeChat), and send tailored marketing content based on the customer profile.

**Six Key Areas of Marketing  
and Sales Methodologies****Feature Description****Sales and Delight**

Functional modules under this category target resolving pain points faced by enterprises in sales leads management and sales conversion, which have become challenging as customers have a wide range of products and services to choose from, leading to more diversified and personalized preferences. In addition, these features also aim to optimize enterprises' sales strategies, allowing them to give customers a better user experience and improve customer retention rates. For example, we provide automatic membership management modules to help users set up and execute rules for their membership program, and plan exclusive marketing activities for members of different levels, aiming to attract customers to become members, stimulate their willingness to repurchase and refer to other prospective customers.

**Data and Analytics**

Data and analytics modules allow enterprises to collect and analyze statistics generated during their marketing and sales processes. While it is often costly and difficult for enterprises to develop and apply advanced technologies for data and analytics by themselves, we provide easy-to-use data related features at low cost, delivering deeper insights and scientific evaluations of marketing and sales activities. For example, we offer data presentation and analysis modules under T Cloud and True Client to demonstrate the conversion data of marketing and sales campaigns.

**Six Key Areas of Marketing  
and Sales Methodologies**

**Feature Description**

**Strategy and Management**

Enterprises' marketing demands vary significantly as a result of different industries, operation scales and development stages. It is often difficult for enterprises to accurately assess and identify their characteristics and needs, and to choose effective methods. Functional modules under this category give enterprises access to a broad range of marketing strategies and internal management functions (such as modules for marketing and sales personnel performance evaluation), which facilitate enterprises' execution of the above-mentioned five areas.

*SaaS products and diversified customer base.* As any standalone functional module on a single basis cannot resolve enterprises' marketing and sales needs, we build and offer our marketing and sales SaaS products, 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 purchased our SaaS products, T Cloud and True Client, to enable their marketing and sales management. After paying the standard subscription prices, users obtain 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 their 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 a large-scale across six key areas of modern marketing and sales SaaS. Six key areas of modern marketing and sales SaaS include 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 key areas. For example, some companies who accumulate large amounts of enterprise information from their business operations would share such information, after receiving consent from their clients, with other enterprises who might potentially become their customers. These companies, acting as ordinary lead generation platforms that bring new sales or partnership opportunities to their clients, provide such lead generation services only as an ancillary service. However, 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.

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  
 Fewest 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 us and our peers 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 we and each of our peers will earn 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.

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- (2) 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), a programmatic advertising platform that allows advertisers and their agencies to automate the process of procuring traffic across multiple sources, and search engine marketing (SEM) solutions that are used to increase the visibility and ranking of a website in search engine results pages;
  - Social and Relationship includes functions such as social customer relationship management solutions which are used to enhance direct interaction and engagement with customers and prospective customer in private traffics such as WeChat and WeCom, and marketing automation (MA) solutions that are used to automate repetitive marketing tasks and workflows across multiple channels such as email, social media, text message, and among others;
  - Sales and Delight includes functions such as sales leads management (which helps customers discover and manage new sales opportunities), sales procedure management solutions (which are used to define and streamline the sales procedures from new sales opportunities to closed deals), and sales pricing management solutions (which are used to provide pricing strategies in order to support the overall sales goals and growth objectives);
  - Data and Analytics includes functions such as business intelligence systems (which collect, analyze, and process data into usable information that can be presented to support decision-making within the organizations), customer data platform (CDP) (which is a software platform that collects and unifies customer data from multiple sources to create comprehensive and unified customer profiles), and data management platform (DMP) (which is used to create more targeted and personalized advertising campaigns across various channels based on segmented audience data);
  - Strategy and Management includes functions such as marketing team management solutions (which are used to staff campaign personnel in various marketing events), and marketing budgeting management solutions (which are responsible for developing detail, data-driven marketing budgets that align with the enterprises' overall marketing goals, and then allocating such budgets across different marketing initiatives to maximize the outcome).

### Performance of Our SaaS Business

The following table sets forth certain key operating data of our SaaS business:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total users <sup>(1)</sup>	24,127	23,647	25,495
Average contract value per user (RMB) <sup>(2)</sup>	45,026	41,584	51,238
Subscription user retention rate <sup>(3)</sup>	76%	69%	69%
Monthly average revenue per user (RMB) <sup>(4)</sup>	2,489	2,759	3,432
User acquisition cost (RMB) <sup>(5)</sup>	19,619	22,271	18,696
Monthly user acquisition cost (by new orders) (RMB) <sup>(6)</sup>	1,471	1,597	1,254
Monthly user acquisition cost (by total users) (RMB) <sup>(7)</sup>	1,578	1,645	1,597
Subscription contract value (RMB in thousands)	533,864	498,400	721,224
Remaining performance obligation (RMB in thousands)	426,365	489,907	588,722

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*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) User 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 user acquisition cost, rather than the number of users generating revenue, as we believe that this 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 user acquisition cost (by new orders) for SaaS business for a given financial year is the average customer acquisition cost in each month of the year, which 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.
- (7) Monthly user acquisition cost (by total users) for SaaS business for a given financial year is the average of user acquisition cost in each month of the year; the latter is calculated as the selling and distribution expenses, divided by the number of users generating revenue in that month.

The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, primarily due to 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 content distribution, leading to higher spending under our pricing model for the professional version. See "Business – SaaS Business – True Client – Professional Version."

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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 strategies initiated from 2023, such as: (i) we continuously advance our product research and development to meet evolving customer requirements, particularly through the improved integration of intelligent content generation technologies within our offerings; (ii) we cooperate with leading social media platform operators and leading telecom companies in China to acquire sales leads; for example, we connect the True Client with WeCom and equipping users with operational tools integrated on WeCom platform, and the platform in turn promotes our product through its own sales channels to potential users; (iii) we execute a variety of marketing initiatives aimed at customers' business leadership who seek to boost their sales and marketing effectiveness; and (iv) 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.

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 conditions 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.

The following table sets forth a breakdown of users of our signature SaaS products, T Cloud and True Client, for the years indicated:

	<b>For the year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
T Cloud	23,826	22,855	23,996
True Client	443	1,036	1,810
<b>Total<sup>(1)(2)</sup></b>	<u><u>24,269</u></u>	<u><u>23,891</u></u>	<u><u>25,806</u></u>

*Notes:*

- (1) In 2021, 2022 and 2023, 142, 244 and 311 users subscribed both T Cloud and True Client, respectively, which have been counted as users for each of those two products.
- (2) A user subscribing for multiple accounts is counted as one user.

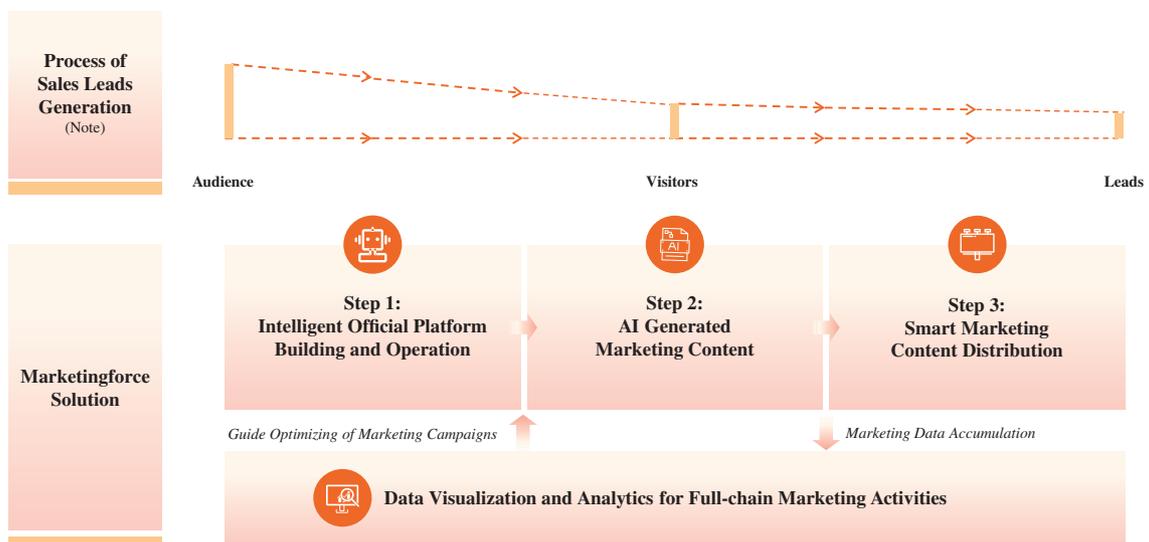
During the Track Record Period, while our True Client had fewer users compared to T Cloud, we had experienced a rapid growth in the number of users for True Client product, primarily because (i) we launched True Client in recent years and invested heavily in the development and improvement of its functions, targeting to capture the growth opportunities arising from the sales SaaS market in China; and (ii) following the introduction of the professional version of True Client, we have been strategically focusing on high-value customers, who are more likely to subscribe to additional value-added services in addition to the standard version of True Client, which usually incur higher charges and suit their more sophisticated demands. See “– SaaS Business – True Client – Professional Version.”

**T Cloud**

*Overview of 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 numbers of functional modules to realize different levels of marketing demands of customers, and our customers typically select and subscribe to 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. 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 features, adding them to their existing 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 content. While it is offered to enterprises of different types, T Cloud primarily targets B2B enterprises, which typically have businesses or high-value individuals as their clients, primarily from the machinery manufacturing, chemicals 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 cycles. 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.

To address the specific needs of B2B enterprises, T Cloud enables efficient distribution of marketing content 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 priced at low rate as we centralize the procurement of traffic on behalf of our users, which helps 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 content on social media platforms and short video platforms through their own accounts, which rely on the recommendation algorithms of these platforms to automatically push this content 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 content in their private traffic domains, such as through WeChat accounts, to interact with their existing contacts to explore new sales opportunities or maintain business relationships.

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 the above goals by delivering inbound marketing services, helping users create and distribute high-quality marketing content through AI-empowered tools and technologies. In a typical workflow, users start by establishing and managing their official platforms using the low-code platform building tools offered by T Cloud. They would then generate abundant marketing content with AI technologies in the form of articles, images or videos, and distribute this content 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 their advertising strategies and content, 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.

### ***Key Features and Functionalities of T Cloud***

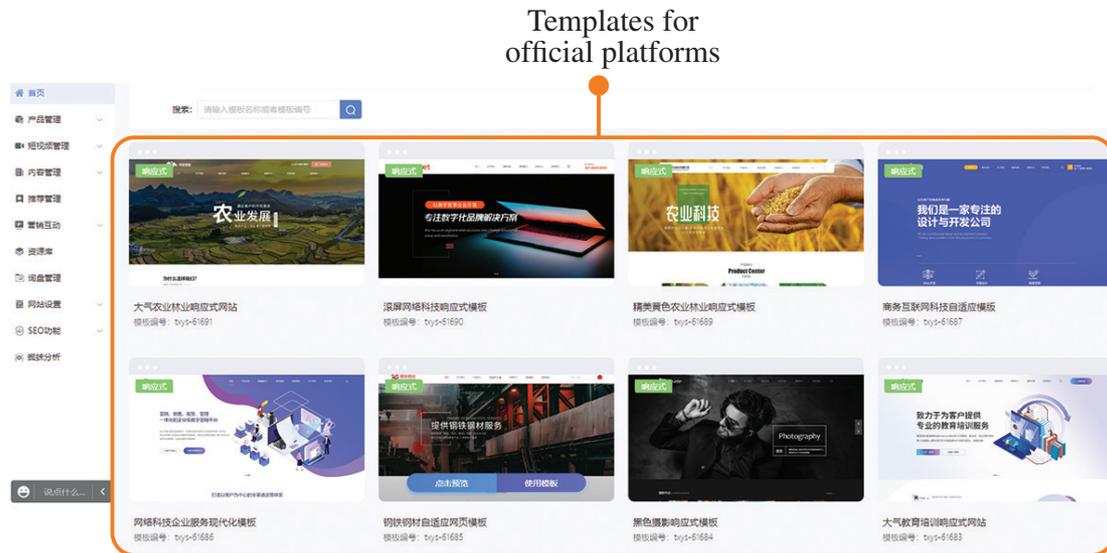
T Cloud integrates a variety of functions and features, covering all critical stages of typical marketing processes, primarily including intelligent official platform building and operation, marketing content, marketing content distribution, data monitoring and analysis. Below are the introductions of these basic functions of T Cloud:

#### *Intelligent Official Platform Building and Operation*

Official marketing platforms, including PC and mobile websites, mini programs 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, thereby 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.

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



### AI-Generated Marketing Content

T Cloud provides content creation tools for users to intelligently generate various types of marketing content. With the support of big data analysis and AI technology, T Cloud facilitates user studies of the search habits of target audiences, and help them automatically create high-quality marketing content that accurately applies professional expressions and industry terms, which is often widely shared by audiences.

Leveraging three AI-generated content modules – T-text, T-image and T-video – the platform intelligently combines relevant materials and generates marketing content:

- *T-text.* Our intelligent text content creator, T-text, enables the automated generation of high-quality marketing articles. With parameters including industry, topic and keywords, 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.

- *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 platforms 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 embedded with various tools to increase users’ exposure on the Internet and attract more lead inquiries, thereby acquiring customers at higher cost efficiency.

The AI-powered content distribution function has the following features:

- *Smart delivery channel recommendation.* T Cloud covers diversified platforms, including search engines, short video platforms, 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 content, T Cloud automatically recommends the platforms on which better marketing effects would be generated.

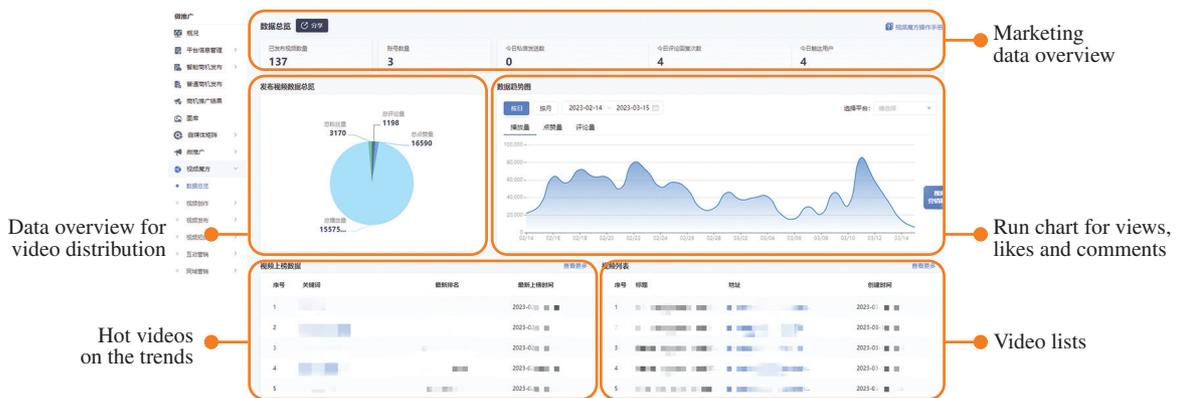
For B2B company users with a targeted customer group, T Cloud generates professional content and distributes this on the most relevant platforms, including popular local websites and high-quality, industry-vertical websites. T Cloud helps users to utilize the free internet traffic from these long-tail B2B websites, effectively connecting with potential customers and improving marketing returns. It further enhances users' exposure in search results by automatically recommending and setting a series of keywords 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 content.* T Cloud optimizes and adjusts advertising strategies and content 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 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 content being viewed by audiences 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 content 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.

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.

- *Multidimensional data presentation and analysis.* T Cloud contains features that supports the collecting and presenting of 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 such that, when marketing data interpret 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 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:



### *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.* Our official website template has preset commonly used pages for users in the industrial field, such as products and services, and a video demonstration section that can be linked to and updated simultaneously with the user's official account on social media platforms, news centers, use cases, the company introduction page, and contact information. Each page includes suggestions for content that is typically shown by customers in the same industry sector, enabling Client A to set up and insert its own business and product information with one click. 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 efficiency.

*AI Content Generation and Distribution.* Client A actively implemented its marketing strategies through the content generation and distribution functions of T Cloud. For example, Client A uses T Cloud to generate articles to introduce its products and solutions to be published on various B2B websites for potential clients. These articles generated by T Cloud prominently feature details such as product specifications, use cases, and distribution regions, which are details prospective clients typically find important, helping them gain a comprehensive understanding of Client A's products and its business. T Cloud further enhances the article by repeatedly incorporating hyperlinks and optimizing keyword density to boost the likelihood of the content being cited and seen. Additionally, contact details are embedded within the article to enable easy, one-click communication for interested visitors. Client A then used T Cloud to automatically post the articles under the corresponding category of the B2B website. For example, it published articles introducing its high-speed motion capture camera system under the "instrumentation" section of the B2B website. 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 is continually well-informed of its marketing and effects. T Cloud shows Client A the region information of users visiting the official website platform to determine whether its marketing content distribution targeting this region was indeed effective. Client A may also examine the sources of the website's visitors (e.g., organic search, social sources, etc.) to gain more information about the potential audience; by reviewing the length of time the visitors spent on each article page, Client A could optimize the display pages related to the industrial products that the visitors were most interested in. 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 concerning sales leads from relevant social platforms to True Client, thereby providing the following functions: (i) managing customer information, (ii) interacting with customers, (iii) providing customer services, (iv) launching online customer events, and (v) conducting customer data analytics. Thus, True Client empowers users from a wide range of industries who connect with customers through social platforms but need to improve sales efficiency. True Client helps its users develop effective sales strategies to increase conversions and better manage their sales force with an all-in-one platform. We offer up to 159 functional modules to empower the entire sales process for users of different business sizes and sales force, including 81 customer relationship management-related functional modules and 78 ancillary modules.

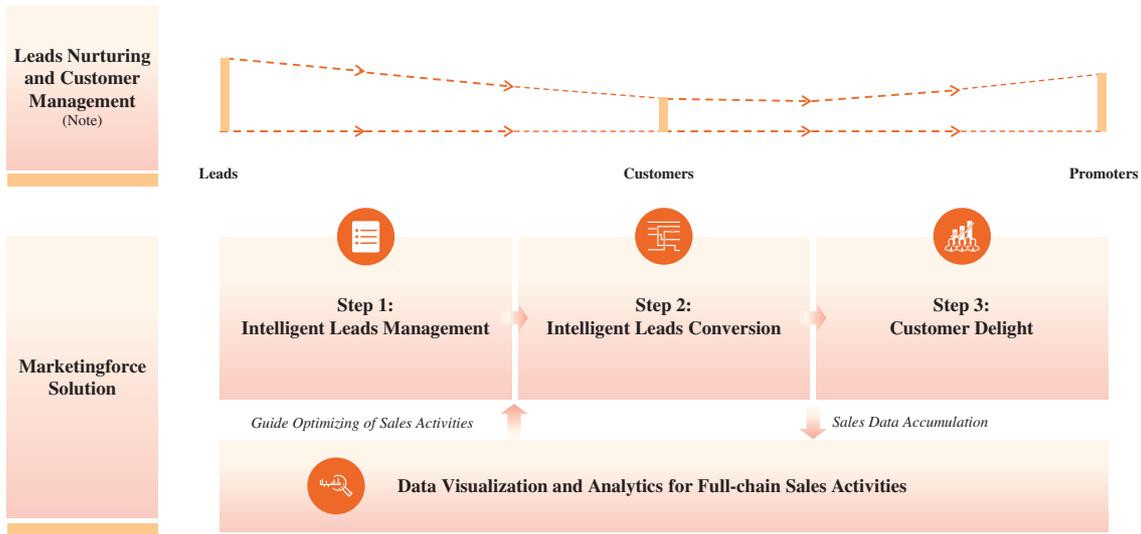
The standard version of True Client primarily facilitates the four stages of sales activities, while the professional version is further equipped with ancillary modules for features such as customer data management and AI-enabled growth automation addressing our customers' personalized needs. We offer different versions for True Client to realize a complete sales leads management and conversion process. Users typically select and subscribe for the versions we provide. For some users with personalized preferences, they can flexibly customize their subscriptions by purchasing additional functional modules and adding them to their existing products. Enterprises rely on the comprehensive functions offered by True Client, instead of any particular functional module included therein, to address their pain points during the their sales activities management process.

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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, and 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 retail, automobiles and IT.

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 by 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 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 content.

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 sales activity management. It allows simpler management of customer profiles, allocates 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 perusing potential orders and repeating follow-ups.

- *Customer information management.* True Client can automatically merge duplicate information about the same customer and assign leads to specific salespeople for organized account management. This feature helps users avoid duplicate calls and communications from different salespeople to the same customer, while enhancing departmental collaboration. True Client also handles user needs for customer information retention and resource reallocation, and avoids loss of customer leads caused by the departure of sales force members.
- *Access control.* True Client provides customer information desensitization and data segregation functions, allowing users to control access to each segment of customer information based on the salesperson's level. This feature effectively prevents salespeople from accessing critical information about unassigned prospects and prevents them from taking orders without authorization.

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Based on customized allocation conditions, True Client helps users to timely distribute customer leads to its salespeople. This function significantly reduces users' response time to potential customers and improves sales efficiency. To facilitate results-oriented sales management, True Client automatically provides users with the lead conversion rate and details during the sales follow-up process, which may be further verified via a manual review.

The following screenshot illustrates the interface of the intelligent leads management function:

The screenshot displays the CRM interface for managing customer leads. The main table has the following columns: 客户姓名 (Customer name), 归属人 (Allocated salesperson), 客户阶段 (Customer type), 标签 (Customer profile), 协助人 (Assistant), and 添加层 (Add layer). The table contains 66342 leads, all of which are '新客户' (New customer). The interface includes search filters, a sidebar with navigation options, and a pagination bar at the bottom.

客户姓名	归属人	客户阶段	标签	协助人	添加层
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1
[Customer Name]	[Salesperson]	新客户	[Profile]	--	1

### *Intelligent Leads Conversion*

We offer intelligent lead nurturing functions through a range of AI-empowered modules, helping our users to create and precisely distribute content to target customers, standardize customer service procedures, and manage daily customer services and campaigns.

### *Automated Execution of Sales Activities*

- *Customer standard operation procedure (SOP).* True Client can help users analyze customer needs, undertake the orderly planning of the sales process, and help sales staff to establish reasonable customer daily SOPs and activity SOPs. The module can help enterprises to standardize business processes and make rational sales decisions while improving per capita marketing efficiency.

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- *Community SOPs.* We offer users various methods to establish customer groups and communities on social media platforms to continually attract traffic. For example, users may place QR codes in designated online webpages and offline areas to enable potential customers to easily join groups. These groups are categorized by geographic location, user types and purchasing history, and users may refine the management of these groups. These methods quickly improve the efficiency of both enterprise group community building and attracting traffic. Users can set SOPs and regular reminders for the daily operation of their group communities. In addition, users can also screen active customers based on group community feedback to improve community operation.

The following screenshot illustrates the interface of the automated execution function:

The top screenshot displays the '客户SOP' (Customer SOP) management interface. It features a search bar and a table with the following data:

SOP名称	SOP类型	SOP节点数	创建成员	创建时间	触发任务数	状态	操作
高意向客户促单		4			0	启用中	查看详情 停止 暂停

The bottom screenshot shows the 'SOP规则节点设置' (SOP Rule Node Setting) interface. It includes a 'SOP类型' (SOP Type) section with radio buttons for '新客户SOP', '客户阶段SOP', '客户跟进SOP', '客户关怀SOP', '客户字段更新触发SOP', '定时SOP', and '关键词SOP'. Other sections include 'Time to send' (发送时机), 'Reminder content' (提醒内容), 'Message type' (任务类型), and 'Message content' (消息内容).

### *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 content. 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 content 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.

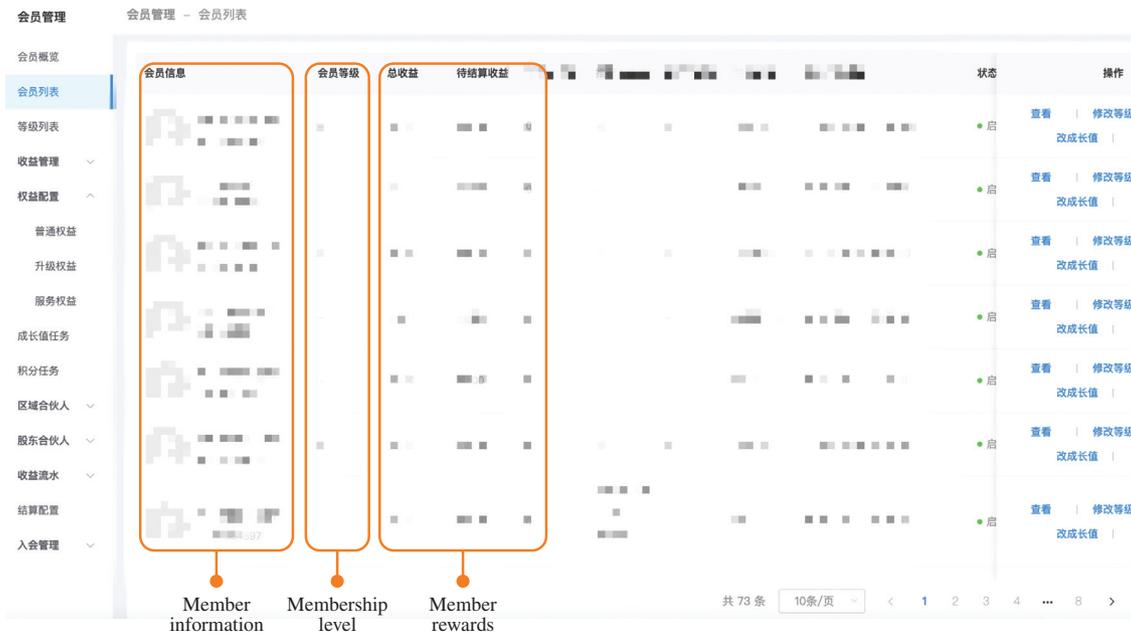
### *Customer Delight*

We offer customer management services to further facilitate users with their customer management and daily operations.

### *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 points discount schemes for various rewards and tasks. Users can establish their own membership points 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.

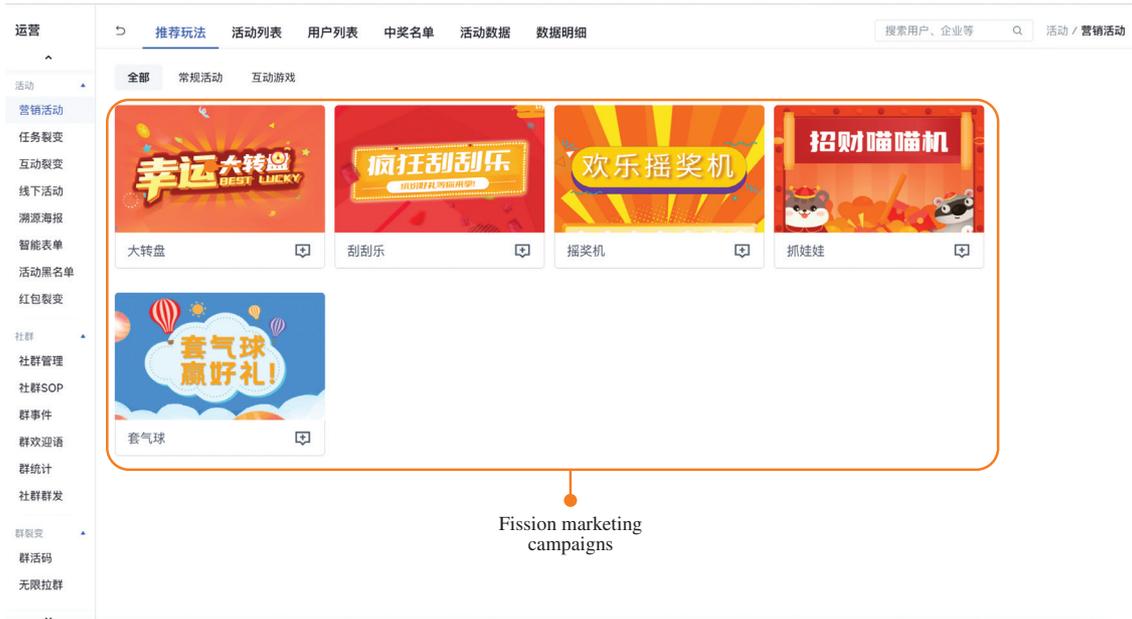
The following screenshot illustrates the interface of the membership management function:



### *Social fission marketing for customer base expansion*

Capitalizing on the trust consumers place in those within their close circles, the main goal of fission marketing is to increase traffic by motivating active users to promote the products on their social media accounts. We provide social fission marketing tools designed to assist users in rapidly growing their customer base and enhancing the probability of repeat purchases. In a typical fission marketing campaign, users may establish rules encouraging their audience to share interactive elements like online prize wheels and promotional posters with their contacts, which typically contain information regarding their products or services. Users then motivate their existing or potential customers to bring new participants into the fold, and give rewards for those who meet the goal (e.g., times of share). Through these marketing campaigns, our users can interact with more potential consumers, track referral relationships and purchase histories, and consequently broaden their customer base.

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

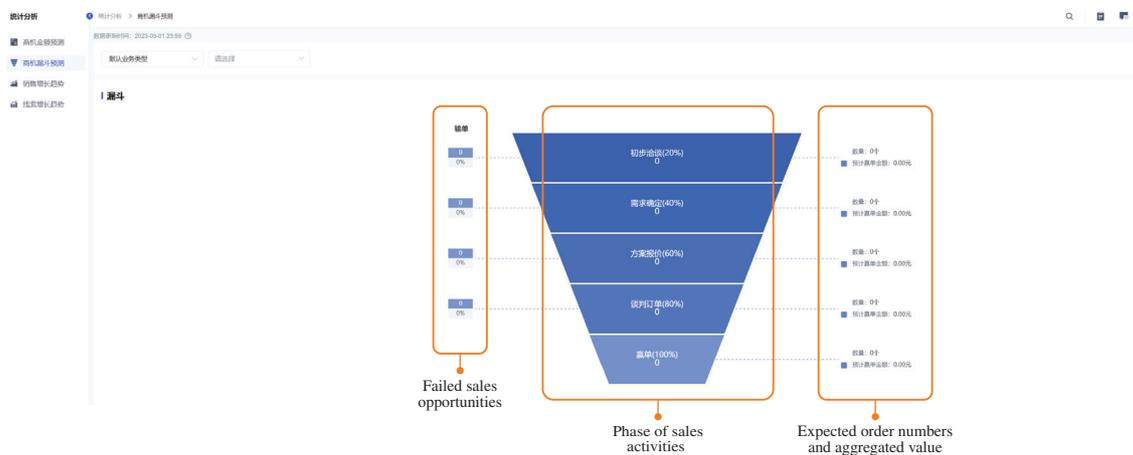


## *Data Visualization and Analytics for Full-chain Sales Activities*

True Client allows users to closely monitor each critical step throughout sales activities and obtain guidance. For example, users can track and analyze their interactions with prospective customers, compare customer acquisition effectiveness between these interactions, and gain practical improvement tips. These analytical capabilities enable users to implement quality control in the management of their sales process.

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 purposes only):



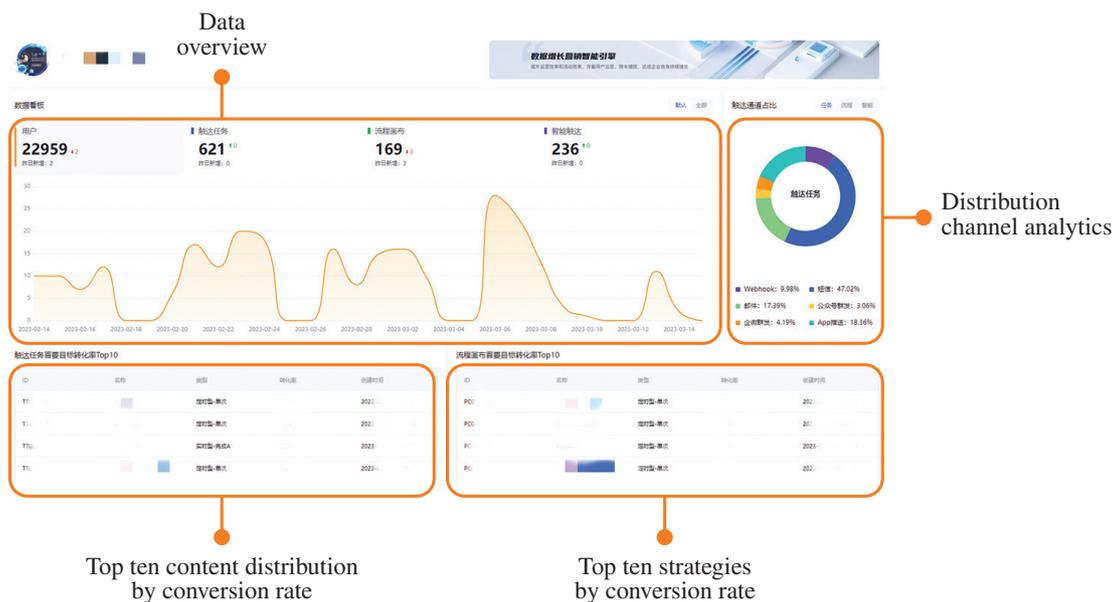
## *Professional Version*

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. Being a strong supplement to the standard version through offering value-added functions, the professional version of True Client is usually customized by combining the suitable functional modules to achieve the results desired by the customers. We offer 78 functional modules under the professional version of True Client. 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 content 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 services to address their personalized and sophisticated client management concerns. For high-value customers of the professional version of True Client, we may grant a credit period of up to three months upon delivery of products or services.

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:



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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 into 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.

### *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, requiring 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, in order 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.

- Our product provides operational tools integrated on WeCom platform, such as (i) business card creation for each dealer's sales staff that shows the sales staff member's picture, name, friend QR code and other details; (ii) material library management tools that support daily management functions like creating, viewing, editing and more of materials such as files, photos and videos, making it easy to make and share the latest marketing materials with potential customers; and (iii) group chat tools that let the sales staff set up a dedicated customer service group chat with one click after customers order, and provide communication help for sales staff using predefined dialogs.

- Our product provides customers with a series of sales leads management tools, allowing sales staff to efficiently acquire and handle sales leads from various sources, including (i) importing sales leads from various automotive media websites, headquarters and dealers, and other channels, and merging and classifying leads based on predefined rules; (ii) distributing sales leads to appropriate dealers based on locations and vehicle models under the customized rules; and (iii) screening potential vehicle purchasers who demonstrate a strong intention to purchase cars based on the customer profile, and sending invitations to them to test drives and introducing finance solutions.
- Our product offers other tools to help with sales and further facilitate the sales staff's daily operations, such as customer profile management to help Client B manage the customer database with its dealers, as well as various digital sales enablement tools, such as a financing arrangement calculator, test drive management, order management, delivery agreement, and delivery experience sharing, among others.

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.

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

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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 for the standard version of our SaaS products. During the Track Record Period and up to the Latest Practicable Date, we did not experience material changes in such terms with our SaaS 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 charge.
- *Intellectual Property.* Under the subscription agreements, we retain all intellectual property rights of our SaaS products.
- *Content compliance.* Users undertake that all marketing content 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 our 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.

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Our subscription agreements with users of our SaaS products typically last for one year with renewal options. We may also customize the contract terms from time to time upon users' specified requests. The following table sets forth a contract amount breakdown by subscription duration for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
12 months or below	454,377	348,861	539,841
12-24 months	52,606	72,183	148,456
Over 24 months	44,894	82,982	39,718
<b>Total</b>	<b>551,877</b>	<b>504,026</b>	<b>728,015</b>

### Compliance with the Advertising Law under the SaaS Business

Our Legal Advisor has advised that, under the Advertising Law, “advertisers” shall mean natural persons, legal persons or other organizations that design, produce or publish advertisements themselves or appoint others to do so to promote their goods or services, and “advertising operator” includes any natural person, legal person or other organization that provides advertisement design and production or agency services to advertisers for their advertising activities. The Advertising Law imposes legal liabilities on both advertisers and advertising operators for the content of their advertisements, including, but not limited to, being responsible for the truthfulness or legality of the content of their advertisements. 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 users as advertising materials, but such content cannot be automatically distributed to the audience; and (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 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 “advertisers” 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.”

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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 by users of our SaaS products, T Cloud and True Client. During the Track Record Period, the annual subscription price of the major versions of T Cloud ranged between RMB19,800 and RMB128,000, varying on the number of functions and service capacity. The major 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 and RMB198,000. Users are required to pay to use our SaaS products, and we do not offer any trial versions or free versions of our SaaS products. After paying the standard subscription fees, users typically enjoy unlimited access to our SaaS products within the subscription period.

We set a limitation on the number of user accounts for certain functions that are designed to help individual sales and marketing staff to realize their goals. Enterprises are usually granted access to a fixed number of accounts during the subscription period for the standard price they paid and need to pay additional fees for obtaining access to more accounts for these functions. In addition, certain functions, including those that enable the generation or distribution of marketing content, are measured by data usage. After exceeding the fixed amount of usage included in the standard subscription price for our SaaS products, users may purchase additional usage. Users may also subscribe and add additional functions to their subscribed SaaS products to achieve more personalized results.

In practice, the subscription fees vary by contracts as most users subscribe to 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 to several functional modules with respect to sales management. In addition, the annual subscription price for a single functional module is between RMB100 and RMB50,000, depending on its complexity, application scenarios and usage limit. In addition, for the professional version of True Client, we offer various complex ancillary modules and value-added services to customers of professional versions. The package price of selected modules and services is discussed case by case, depending on the number of functions, service capacity, and other factors. See “– True Client – Professional Version.” 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 – Material Accounting Policy Information and Estimates – Revenue Recognition – SaaS Business.”

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Our pricing policies take into account 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 the pricing strategies of industry peers.

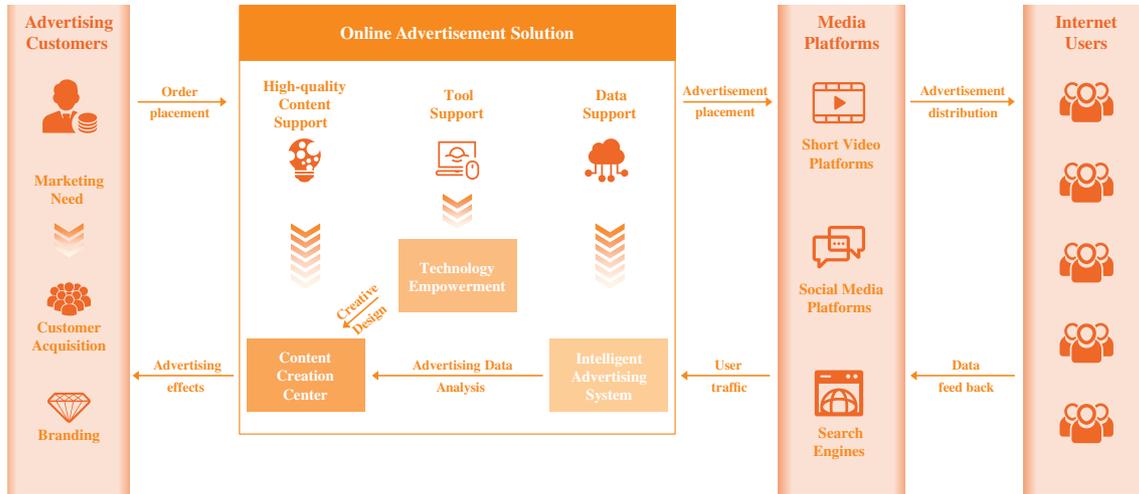
### **PRECISION MARKETING**

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 the online exposure of their products or services. Those customers target individual consumers and, therefore, they usually prefer to distribute marketing content across leading media platforms, such as short video distribution platforms and social media platforms, that have an 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 analysis of 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 possible delays or slow responses in data transmission, analysis, and optimization while using public clouds to provide marketing services.

### 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 who 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

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, click-through rates, and 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 media platforms. Rather than being separate from the app, our videos are designed as native in-feed content to blend seamlessly with the overall interface and user experience.

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We have an in-house content production team enabling us to produce customized, appealing, and attention-catching video, text, and photo content, which improves the marketing efficiency for our advertisers. We believe our content production capability is one of our core competencies that make us stand out in the industry in which we operate. Our in-house content production team creates custom video content to help our advertisers market their products or services. We believe our ability to produce high-quality content sets us apart from our competitors in the industry.

- ***Idea creation and filming.*** We start by coming up with creative ideas for the advertising campaign, based on the advertiser’s specified needs. Our in-house scriptwriters turn the ideas into a script, and we engage actors to film the videos.
- ***Video editing.*** Once filming is complete, our director and post-production team work together to select the best scenes and create the final video. This process includes editing video and sound, adding music and special effects, and adjusting colors.

We leverage our cloud computing capabilities and technology infrastructure, as well as our expertise in advertising campaign management, to continuously monitor and analyze ad performance data and optimize campaign performance. We create advertiser accounts on 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.

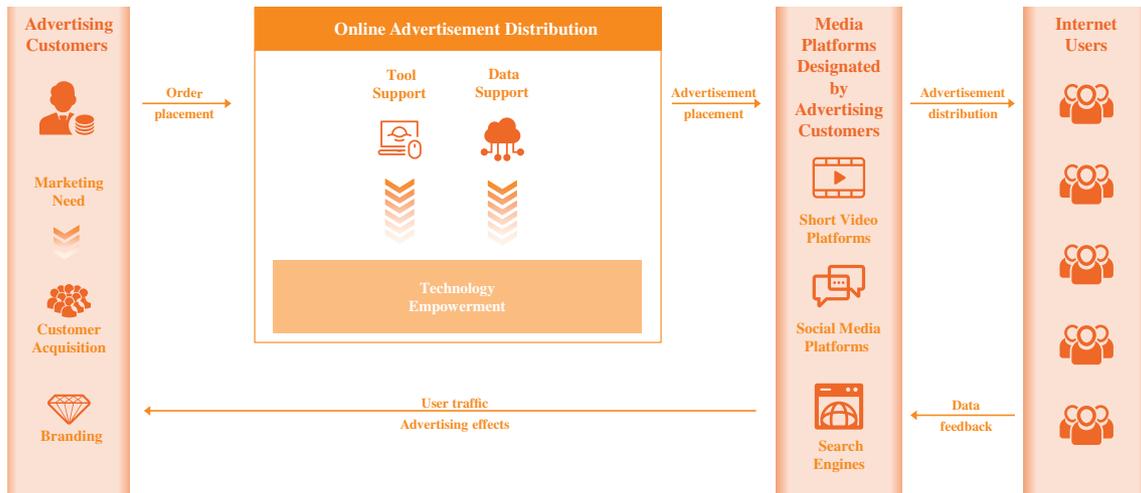
Furthermore, we apply our data analytics capabilities to support the process of content production and distribution, delivering them to target audiences in a more precise manner.

- ***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.

### 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 an advertisements account-charging service to customers upon 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 and iterated 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. By 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:



### 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. Upon internet users either viewing advertisements under the CPM model or clicking on them under the CPC model, we incur costs for advertising traffic with the media platforms, and such costs will then be invoiced to the advertisers as gross billing. Under the 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 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 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 content, formulating advertisement campaigns, and acquiring traffic from media platforms; and (ii) in addition to providing specified services, we typically agree on certain KPIs with advertising customers, 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 planning and content production services, we take such costs into consideration when granting rebates to customers. Such arrangement encourages us to produce better content and make ongoing adjustments to 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 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 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 a reduction of the cost of sales, and rebates offered to the advertisers are recognized as a deduction of revenue.

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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 content 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 the 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 rebates 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 payments 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 Assets (Current).”

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The chart below sets forth the fund flow of our online advertisement distribution services:



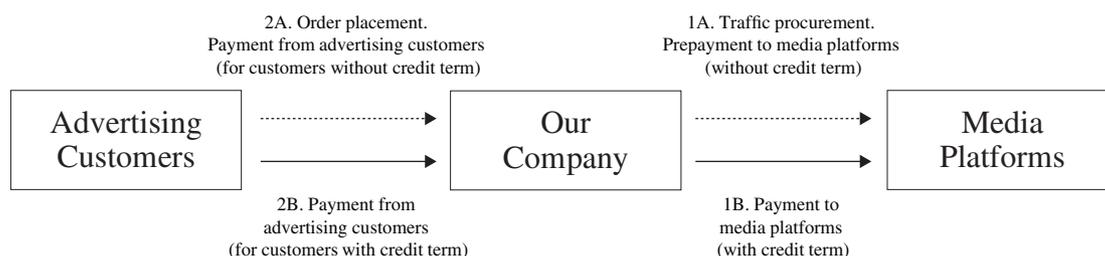
Notes:

- (1) Traffic procurement costs with our customers are generally settled in up to 210 days. The turnover days of other receivables in relation to prepayments on behalf of advertisers to third parties, reflecting our collection under the net basis model, were 64, 75 and 90 days in 2021, 2022 and 2023, respectively.
- (2) Traffic procurement costs with media platforms are typically settled monthly.

### Payment to Media Platforms on Behalf of Our Advertising Customers

Media platforms typically require prepayments for traffic procurement. Due to our long-term cooperation with media platforms, we were granted credit terms for certain payments, resulting in costs payable to such media platforms. On the other hand, we may require prepayment from our new advertising customers and grant a credit term not exceeding 90 days to advertising customers depending on their creditworthiness. Such term may be further extended to certain customers subject to negotiation. As a result, we constantly make payments to media platforms on behalf of advertisers before receiving the payment from these advertising customers. Such payments on behalf of advertisers are recognized as other receivables. According to Frost & Sullivan, it is not uncommon to make payments on behalf of advertising customers to third-party media platforms in the industry in which we operate.

The chart below sets forth the fund flow in relation to our payments to media platforms on behalf of advertising customers under both online advertisement solution and distribution services:



Notes:

1. 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. We would (A) make prepayments to those media platforms where we do not have credit terms for traffic procurement, or (B) place orders with the media platforms first and arrange settlements on a monthly basis upon confirmation with the media platforms of the actual gross spending. The payments would be recognized as (i) other payables and accruals – costs payable to media platforms on behalf of customers for the costs to be deducted under the net basis – and (ii) trade payables for the costs to be recognized under the gross basis.

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2. Our customers place the order for content distribution and consume the traffic through the Company or by themselves. We may (A) require prepayment from our new advertising customers, or (B) settle with our advertising customers for the traffic procured. The prepayment is recognized as prepayments for purchasing advertising traffic; the amounts due from our advertising customers would be recognized as (i) other receivables in relation to prepayment on behalf of advertisers – third parties, from which the revenue will be deducted on the net basis – and (ii) trade receivables for revenue to be recognized on the gross basis.

We experience a mismatch in timing between the payments to media platforms and receipt of payment from our customers, resulting in the negative operating cash flow and an increase in other receivables during the Track Record Period.

- We had negative operating cash flows of RMB469.8 million and RMB121.5 million in 2021 and 2023, respectively, primarily due to the credit terms we typically grant to our precision marketing services customers being longer than those our media platform suppliers typically grant to us for such business.
- Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, primarily due to the increase in the amount of advances made to media platforms on behalf of our advertisers along with the increase in the gross billing of online advertisement distribution services.
- Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,334.2 million as of December 31, 2022 to RMB1,670.0 million as of December 31, 2023, primarily because we extended credit terms for a few of our advertising customers with long credit terms from the second half of 2022. See “Financial Information – Discussion of Certain Key Balance Sheet Items – Prepayments, Other Receivables, and Other Assets (Current).”

Our existing operations and future business expansion of precision marketing services have higher cash flow requirements. Therefore, for the arrangements of prepayment and subsequent settlement by our customers, we are exposed to liquidity risk due to the time difference in making payments to the media platforms and receiving payment from our customers, which may hinder our ability and sufficiency in working capital for making payments for new advertising orders. In addition, the scale of our precision marketing services is constrained by the working capital we have on hand from time to time. 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.” Moreover, general market conditions could also result in financial difficulties for our customers, leading to delays in payments to us, modifications to their payment arrangements, or defaults on their payment obligations to us. See “Risk Factors – Risks Related to Our Business and Industry – We may face certain risks in collecting our trade and bills receivables and other receivables in relation to prepayments on behalf of advertising customers to third parties, and any failure to collect these could have a material adverse effect on our business, financial condition, and results of operations.”

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In light of these risks, we monitor our cash position on a monthly basis, and plan to improve our working capital management relating to our advance payment on behalf of customers. We have adopted a series of measures:

- We have agreed upon settlement plans with certain of the advertising customers to settle the outstanding balance within given times and are in the process of negotiating the settlement plans, including target dates and the amounts aimed to be settled by each date. We may update the amounts and schedule from time to time to reflect the ongoing transactions, as we maintain long-term relationships with these customers.
- We have assessed the recoverability of trade receivables and other receivables in relation to prepayments on behalf of advertisers to third parties with reference to historical settlement experience, subsequent settlement, expected settlement plan, business relationship with our advertising customers, and their creditworthiness and made provisions for impairments accordingly. We have strengthened the collection of overdue receivables, including assigning the collection responsibility to our sales team and taking legal actions through proceedings when necessary.
- We proactively adjusted our customer portfolio, in particular the customers for our online advertisement solution services, based on factors such as the customers' credit history, business prospects, and gross billing, focusing on quality advertising customers with stronger marketing needs. We plan to focus on the growth of SaaS business and maintain a reasonable scale of our advertisement distribution services going forward, with a view to improving overall profitability and operation efficiency while minimizing risk exposure.
- On the supplier side, by leveraging our stable and long-term business relationship with main media platforms, we are able to negotiate longer payment terms and extensions with them, providing us with more financial flexibility. We may further outsource certain ancillary or operational tasks to third-party service providers, such as video post-production, to help reduce costs and optimize payment cash flow.

### **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 for 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 with advertising activities. Such rebates are typically settled on a quarterly or annual basis, calculated based on our actual gross spending for the relevant period. According to Frost & Sullivan, the rebates arrangements with the media platforms is in line with industry practice.

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We grant rebates to advertising customers to incentivize and encourage them to use our services. Such rebates are recognized as a 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 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 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:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Online advertisement solution services:</b>			
Average rebate rate received from media platforms <sup>(1)</sup>	9.3%	8.2%	6.4%
Average rebate rate offered to customers <sup>(2)</sup>	6.9%	6.7%	4.7%
Net rebate rate <sup>(3)</sup>	2.4%	1.5%	1.6%
<b>Online advertisement distribution services:</b>			
Average rebate rate received from media platforms	7.7%	6.7%	5.8%
Average rebate rate offered to customers	5.9%	5.2%	4.5%
Net rebate rate	1.8%	1.5%	1.4%

*Notes:*

- (1) Average rebate rate received from media platforms equals total rebates received from media platforms for the relevant year divided by total traffic spend on media platforms for the relevant year.
- (2) Average rebate rate offered to customers equals total rebates offered to customers for the relevant year divided by total traffic spend on 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.

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The market we operate in is highly competitive, with the 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, while the media platforms typically determine their rebate rates as part of their business strategies and grant rebates based on their business plans and needs; (ii) a general decrease in the average rebate rate received from media platforms as the competition intensified across the industry; 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 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 purchasing 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 a 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 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 – Material Accounting Policy Information 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 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 an 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

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optimization capabilities and customer services to them. Direct contact with customers can also provide them with a better user experience and enhance customer loyalty. During the Track Record Period, we also dealt with some channel customers, primarily 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.
- (ii) *Our services.* Services to be provided by us under online advertisement solution services include marketing campaign design, marketing campaign optimization, advertisement back-end management, and analytics and reporting of marketing performance. Under 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 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 content for legal purposes. Our advertising customers are obligated to cooperate to amend the content 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 that is 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,

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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 distribution services, we create the marketing content for our customers from time to time and deploy advertisements on third-party media platforms, which will then distribute the advertisements 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. We have also implemented a series of internal control measures for advertising business compliance, including, but not limited to, (i) a legal training framework that requires our employees to understand the relevant laws and regulations, and (ii) a registration and review system, which requires dedicated staff to take record of the advertising activities and review the content of the advertisements, assessing any unlawful elements present and ensuring that the content complies with the stipulations of the applicable laws and regulations, such as the Advertising Law. In the event of advertisements involving offensive language or violations of regulations or policies, media platforms are entitled to take down the advertising campaigns and may even shut down accounts in severe cases. During the Track Record Period, we collaborated with these media platforms to suspend accounts that used offensive or prohibited materials in violation of the media platforms' internal policies. In 2021, 2022, 2023 and the period from January 1, 2024 up to the Latest Practicable Date, 52, 177, 73 and nine accounts were suspended based on our system record. To minimize losses, we maintain active communication with our advertising customers, ensuring they are aware of the associated risks and the severity of such violations. 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.
- (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 settlements 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.

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- (iv) *Advertising content.* 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 content 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.
- (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 (RMB in thousands)	Percentage of total gross spending (%)
1	Media Platform A <sup>(1)</sup>	A short video distribution platform operator	3,769,849	82.8
2	Media Platform B <sup>(2)</sup>	An online communication and social media service provider	366,339	8.0
3	Media Platform C <sup>(3)</sup>	A digital marketing platform operator	124,525	2.7
<b>Total</b>			<b><u>4,260,713</u></b>	<b><u>93.5%</u></b>

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**For the year ended December 31, 2022**

<b>Rank</b>	<b>Media platform</b>	<b>Background</b>	<b>Gross spending</b> <i>(RMB in thousands)</i>	<b>Percentage of total gross spending</b> <i>(%)</i>
1	Media Platform A	A short video distribution platform operator	4,591,634	79.4
2	Media Platform B	An online communication and social media service provider	686,623	11.9
3	Media Platform C	A digital marketing platform operator	312,970	5.4
<b>Total</b>			<b><u>5,591,227</u></b>	<b><u>96.7%</u></b>

**For the year ended December 31, 2023**

<b>Rank</b>	<b>Media platform</b>	<b>Background</b>	<b>Gross spending</b> <i>(RMB in thousands)</i>	<b>Percentage of total gross spending</b> <i>(%)</i>
1	Media Platform A	A short video distribution platform operator	5,372,561	86.4
2	Media Platform B	An online communication and social media service provider	345,694	5.6
3	Media Platform C	A digital marketing platform operator	375,998	6.1
<b>Total</b>			<b><u>6,094,253</u></b>	<b><u>98.1</u></b>

*Notes:*

- (1) Media Platform A, or Supplier A, was our largest supplier in each year comprising the Track Record Period. Media Platform A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China's mobile internet market.
- (2) Media Platform B was established in Beijing in 2014 with a registered capital of RMB5 million. Media Platform B's ultimate holding company, Supplier B, 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.
- (3) Media Platform C, established in Hangzhou in 2014 with a registered capital of RMB2 million, is China's leading digital marketing platform operator, which matches the marketing demands of merchants, brands, and retailers on its e-commerce platform. Media Platform C's ultimate holding company was listed on the Hong Kong Stock Exchange in 2019 with total revenue of RMB24,776 million in 2022, with its American Depositary Shares listed on the New York Stock Exchange in 2014.

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During the Track Record Period, the advertising traffic costs on media platforms contributed to 86.7%, 89.4%, and 83.2% of our total cost of sales in 2021, 2022, and 2023, respectively, primarily representing the traffic procurement costs for our online advertisement solution services. According to Frost & Sullivan, for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90% to 99% of cost of services. See “Financial information – Description of Major Components of Our Results of Operations – Cost of Services” for details.

### Key Operating Data

The following table sets forth certain key operating data of our precision marketing services for our major media platforms:

	Year ended December 31,		
	2021	2022	2023
Number of impressions ( <i>in millions</i> )	175,972	267,870	395,373
Number of clicks ( <i>in millions</i> )	3,659	5,911	10,281
Click-through rate (%) <sup>(1)</sup>	2.08%	2.21%	2.60%
Number of advertising customers	845	998	1,042
Customer retention rate (%) <sup>(2)</sup>	51%	53%	46%

*Notes:*

- (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%.
- (2) 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.

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 increasing 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. Going

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forward, we intend to prudently manage the scale of the precision marketing services business for both online advertisement solution and distribution services and maintain a reasonable level of other receivables in relation to prepayment on behalf of advertisers – third parties in order to improve the overall cash flow.

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.

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 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 market trends.

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

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Online advertisement solution services</b>			
Gross billing	355,330	529,158	445,033
Revenue	355,330	529,158	445,033
Cost of services <sup>(1)</sup>	346,870	521,216	437,685
Gross profit <sup>(2)</sup>	8,460	7,942	7,348

*Notes:*

- (1) Cost of services under online advertisement solution services consist of advertising traffic charges from media platforms (netting off the rebates from media platforms), staff costs, and tax surcharges. Rebates from media platforms are recognized as a 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 costs of services, mainly including staff costs.

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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. Due to macroeconomic 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 tighter control over advertising budgets of such customers, thus causing a decrease in gross profits. The gross profit of our online advertisement solution services decreased from RMB7.9 million in 2022 to RMB7.3 million in 2023, primarily due to the decrease in the number of advertising customers for online advertisement solution services.

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Online advertisement distribution services</b>			
Gross billing	4,291,377	5,346,731	5,863,040
Less: Advertising traffic costs <sup>(1)</sup>	4,208,118	5,262,990	5,778,331
Revenue	83,259	83,741	84,709
Cost of services <sup>(2)</sup>	9,004	4,330	2,030
Gross profit <sup>(3)</sup>	74,255	79,411	82,679

*Notes:*

- (1) Costs under online advertisement distribution services consist of advertising traffic charges from media platforms (netting off the rebates from media platforms). Rebates from media platforms are recognized as a reduction of advertising traffic cost, amounting to RMB350,964 thousand, RMB376,161 thousand and RMB358,864 thousand in 2021, 2022 and 2023, respectively.
- (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 costs of services, mainly including staff costs and tax surcharges.

The 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. The 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 staff costs as we enhanced the operational efficiency of our teams. For example, we have developed our proprietary automatic charging system. Once an advertising customer submits an account recharge request, the system autonomously reviews the request and finalizes the top-up procedures, eliminating the time of logging in to the media platform back-end to place orders manually for our operation teams. Moreover, when producing advertising content, our team uses advertisement design tools to facilitate the production of advertising materials based on the proposals provided by advertising customers as a supplement to traditional content production methods. These measures have helped us streamline our work processes and effectively improved personnel efficiency.

### 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, the southeast region, and other regions with great economic development potential. 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 Wuhan as part of our efforts to expand into more geographical areas 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.

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The following table sets forth the number of users and corresponding newly signed subscription contract value attributable to the new sales offices opened during the Track Record Period:

**Number of new users<sup>(1)</sup>:**

Time of establishment	Number of new sales offices	Year ended December 31,		
		2021	2022	2023
<b>2021</b>	8	440	690	749
<b>2022</b>	1	–	746	2,115
<b>2023</b>	–	–	–	–

**Newly signed subscription contract value<sup>(2)</sup>:**

Time of establishment	Number of new sales offices	Year ended December 31,		
		2021	2022	2023
<i>(RMB in thousands)</i>				
<b>2021</b>	8	7,407	13,177	16,175
<b>2022</b>	1	–	64,355	299,476
<b>2023</b>	–	–	–	–

*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.

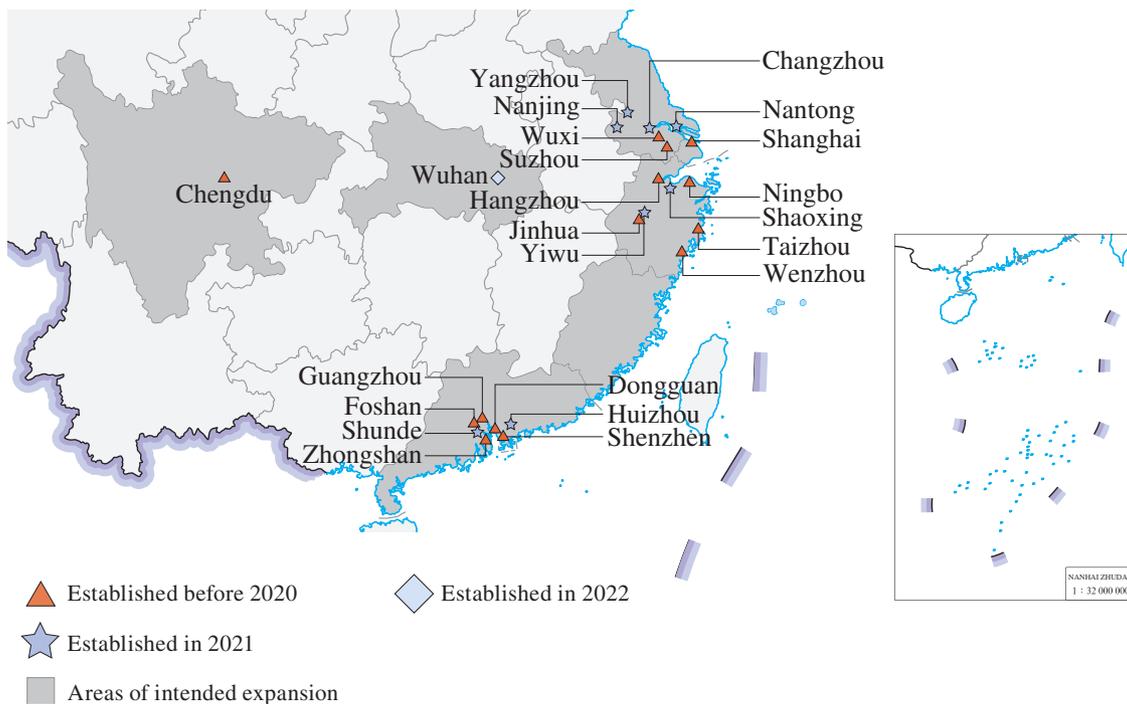
While it generally takes time for newly opened sales offices to ramp up their performance, engage new users, and establish customer relationships, these offices had demonstrated an increase in the average contract value for their new users, showing our strengthened customer service capabilities by approaching local businesses. Meanwhile, our Wuhan headquarters focuses on 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 Proceeds – Use of Proceeds.”

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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 salespersons 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 salespersons, determined primarily based on new contracts concluded and, to a lesser extent, renewal of existing customers. We granted a performance-based bonus to the 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 were mainly attributable to our increased number of new SaaS users.

### ***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.

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The following table sets forth our SaaS product segment revenue breakdown by sales channel for the years indicated:

	<b>Year ended December 31,</b>					
	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<i>(RMB in thousands, except percentage)</i>					
Direct sales	395,011	90.1	483,380	91.2	653,294	93.0
Channel partners	<u>43,631</u>	<u>9.9</u>	<u>46,497</u>	<u>8.8</u>	<u>49,084</u>	<u>7.0</u>
<b>Total</b>	<u><u>438,642</u></u>	<u><u>100.0</u></u>	<u><u>529,877</u></u>	<u><u>100.0</u></u>	<u><u>702,378</u></u>	<u><u>100.0</u></u>

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 partners 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.

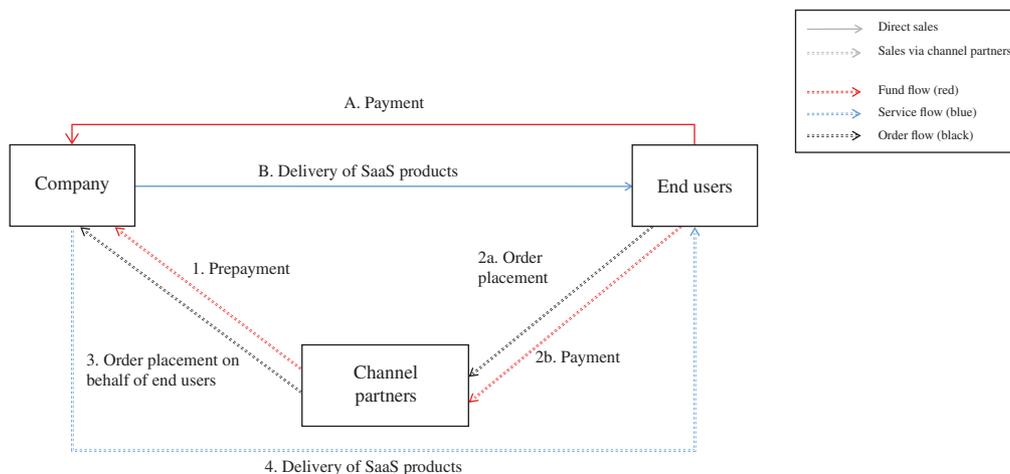
Our channel partners are typically enterprise service providers whose principal business activities include delivering training, counseling, and intellectual property services (such as trademark registration) to a wide range of small- and medium-scale enterprises. We engage these channel partners primarily to leverage their customer base, who are also our potential customers. According to Frost & Sullivan, marketing and sales SaaS solution providers often partner with enterprise service providers as channel partners. These providers do not consider the sale of marketing and sales SaaS products as contradictory to their principal services and typically offer them as part of their value-added services, as these products also help their customers improve operational efficiencies and address difficulties faced during business processes.

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



### ***Transaction Process with Channel Partners:***

1. The channel partner makes a one-time upfront prepayment for future supply of our SaaS products. We require such prepayment as a form of security deposit to demonstrate channel partners' commitment to cooperating with us, as we would incur time and economic expenses to conduct training sessions for them. The prepayment amount varies with the geographical locations of channel partners and generally ranges from RMB50,000 to RMB150,000. According to Frost & Sullivan, the prepayment arrangements between us and channel partners and the relevant amounts are in line with the industry norm.
2. The channel partners are responsible for procuring end users, who place orders with the channel partners, and pay for the SaaS products according to the price list we provide to the channel partners.
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 competence, experience, and sales resources, among others. To the best of our knowledge, all of our channel partners are Independent Third Parties.

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

	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 sales network expansion. 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 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 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 the 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 year if neither party elects to terminate. We are entitled to terminate the agreement if the channel partner breaches its obligations or fails to reach the agreed sales targets.
- *Designated marketing and sales area.* We designate the geographical area within which our channel partners are allowed to market and sell our products and services. A channel partner is generally not allowed to market and sell outside its designated area.
- *Sales targets.* Channel partners are required to reach quarterly sales targets tailored to different cities in China as specified in the agreement. Should channel partners fail to meet their sales targets, we may downgrade such channel partners or discontinue our business relationship with them.

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- *Deposit.* We charge our channel partners a fixed amount of deposit, which is refundable once the agreement terminates through no fault of the channel partner.
- *Pricing, payment, and settlement.* We determine the unit price of each SaaS product and provide a price list for each product with the channel partners. Channel partners are required to market our products according to the list prices. Channel partners are required to make a certain amount of prepayment to us after execution of the agreement and to make additional prepayments to us in relation to the sales of our products from time to time. We offer a certain percentage of the list price of our SaaS products, typically ranging between 60% and 70% during the Track Record Period, as commission to our channel partners. The commissions are paid for both new customers and existing customer renewals 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 are important for us to increase sales and ensure user satisfaction. We select channel partners with strong expertise and proven track records. We review our channel partners' performance from time to time on their sales targets, customer feedback, and business and service competency. Our channel partners are prohibited from selling or promoting in other geographical regions beyond those designated by us and are required to sell or promote our SaaS products at our standard prices. We provide marketing support and training to our channel partners to equip them to better serve users. When we receive complaints of poor service from users or other channel partners, we conduct investigations accordingly and are entitled to penalize such channel partners by reducing their fees or terminating the business relationship upon confirmation of such violation of our customer service standards.

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We do not believe our channel partners network is currently affected by cannibalization and take the following measures to prevent cannibalization among channel partners: (i) we specify in the sales agreements the designated geographical areas for the respective channel partners and prohibit them from selling or promoting in other areas, (ii) we limit the number of channel partners in each designated geographical region with reference to the specific region's economic development level, and (iii) we have in place rules and procedures to avoid cannibalization among channel partners within the 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 rebates, discounts, or other incentives to end customers when selling 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 did not identify 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 to customers.

### **Precision Marketing Business**

We do not engage channel partners for our precision marketing service business and acquire advertising customers, including advertisers and advertising agencies acting on behalf of certain advertisers, through our direct sales teams. We establish sales offices for precision marketing business in Shanghai, Guangzhou, and Wuxi, where entrepreneurs usually have strong demand for advertising services, allowing us to efficiently connect with potential and existing advertising customers. We engage customers through a variety of methods, including direct acquisition through phone calls and visits, online marketing activities, and referrals through customers and media platforms. Additionally, we engage customers through offline

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marketing activities, including industry exhibitions, business summits, and onsite visits. Our sales personnel 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 the timely conveyance 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 machinery manufacturing, chemicals, 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 a 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, such as retail, automobiles, and IT. Typical customers for our sales SaaS products have large sales teams that require more systematic management and empowerment of their sales staff. Such customers are often in urgent need of improving the efficiency of sales management and customer operations.

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Our precision marketing business covers advertising customers from various industries, including e-commerce platforms, fast-moving consumer goods (beauty, personal care, food and beverage, clothing, and 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 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 for 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 for 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 <sup>(1)</sup>	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	109,720	12.5	Monthly settlement; payment within 15 days	Bank transfer	Customer A 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 A, covering leisure sports, collection and development, and strategy types, are released in more than 200 countries and regions around the world.	2021
Customer B	Precision marketing services	96,169	11.0	Payment within 10 days upon receipt of invoice	Bank transfer	Customer B is a company focusing on digital reading content production and distribution, established in Beijing in 2011 with a registered capital of RMB45.6 million. It has developed three digital reading brands and cooperated with more than 300 content generation companies.	2020

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Customer <sup>(1)</sup>	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 C	Precision marketing services	62,790	7.2	Monthly settlement; payment within 15 days	Bank transfer	Customer C 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 skincare. Customer C's ultimate holding company was listed on the New York Stock Exchange in 2020.	2020
Company E	Precision marketing services & SaaS	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 was listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Customer D	Precision marketing services	38,164	4.4	Payment within 45 days upon receipt of invoice	Bank transfer	Customer D is a foreign-invested education company, established in Shanghai in 2007 with a registered capital of RMB19.0 million. It is a well-known education and training company, offering various educational services including language learning, overseas study tours, and cultural exchange programs.	2017
<b>Total</b>		<b>354,255</b>	<b>40.5</b>				

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### For the year ended December 31, 2022

Customer	Major services/products provided	Sales amount (RMB in thousands)	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer B	Precision marketing services	279,782	24.5	Monthly settlement; payment within 20 days upon receipt of invoice	Bank transfer	Customer B is a company focusing on 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 F	Precision marketing services	129,009	11.3	Monthly settlement; payment by the end of the month after next	Bank transfer	Customer F is a software and information technology services company, established in Suzhou in 2014 with a registered capital of RMB10.0 million. Customer F'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 G	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 G 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 media platforms.	2017
Company E	Precision marketing services & SaaS	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 was listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Customer H	Precision marketing services	6,013	0.5	Monthly settlement; payment by the 5th of next month	Bank transfer	Customer H is a digital marketing company, established in Shenzhen in 2021 with a registered capital of RMB1.0 million. It focuses on social media advertising marketing business and has cooperated with leading e-commerce companies.	2022
<b>Total</b>		<b>571,373</b>	<b>50.0</b>				

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### For the year ended December 31, 2023

Customer	Major services/ products provided	Sales amount (RMB in thousands)	% of revenue	Credit term	Payment method	Background of the Customer	Commencement year of business relationship
Customer B	Precision marketing services	302,252	24.5	Monthly settlement; payment within 20 days upon receipt of invoice	Bank transfer	Customer B is a company focusing on 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 F	Precision marketing services	142,782	11.6	Monthly settlement; payment by the end of the month after next	Bank transfer	Customer F is a software and information technology services company, established in Suzhou in 2014 with a registered capital of RMB10.0 million. Customer F'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 <sup>(2)</sup>	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 <sup>(2)</sup>	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 was listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
<b>Total</b>		<b>524,764</b>	<b>42.6</b>				

*Notes:*

- (1) The customers are anonymized because they did not consent to the disclosure of their identities in this prospectus.
- (2) Customers I and J procured both precision marketing services and the professional version of True Client. For SaaS solutions, the transactions were settled monthly as the data usage under sales conversion and promotion functions were incurred on a continual basis.

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As of the Latest Practicable Date, none of our Directors, their associates, or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

### **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 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. In addition, we have established internal procedures for handling customer complaints, including recording detailed information upon receiving complaints, determining a resolution plan, and confirmation of the results by the department manager. The entire process is designed to ensure that each complaint is addressed and responded to appropriately. During the Track Record Period, we did not experience material customer complaints.

**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 Relevant Customers was 4,054 and 2,226 in 2021 and 2022, respectively, and the number of 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 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 decreased during the Track Record Period, as we imposed more stringent restrictions on such arrangements. No individual Relevant Customer 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 have 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 discounts, commission, rebates, 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, and 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 current 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 to their vendors and service providers through third-party payors. 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 the bank accounts of the third-party payors for the convenience of fund flows.

### **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 the delegation of payment (the “**Delegation Letter**”). The Delegation Letter typically states 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 the PRC (including anti-money laundering laws) in all material aspects, provided that the receipt of payment was performed solely as the 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 the Third-Party Payment in terms of payment amount remained without a Delegation Letter.

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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 their associated risks, in view of the limited amount of payment that was not covered by the Delegation Letter and the fact that we have ceased all 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 of, and potential risks from, the Third-Party Payment Arrangements, we have implemented enhanced internal control measures. We have ceased all Third-Party Payment Arrangements from January 1, 2023 and we will not enter into similar third-party payment arrangements in the future. 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.

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**For the year ended December 31, 2021**

Supplier <sup>(1)</sup>	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
Supplier B	Media resource	106,887	26.8	Advance payment	Bank transfer	Supplier B is a Chinese multinational technology and entertainment conglomerate and holding company headquartered in Shenzhen, founded in 1998. Supplier B primarily provides online communication and social media services. It was listed on the Hong Kong Stock Exchange in 2004.	2021
Supplier C	Media resource	6,572	1.6	Advance payment	Bank transfer	Supplier C is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier C's online marketing business mainly comprises search engine marketing, content marketing, mini-program development, and website construction services. It mainly provides services for our T Cloud product.	2018

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Supplier <sup>(1)</sup>	Major services/ products procured	Purchase amount <i>(RMB in thousands)</i>	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier D	Media resource	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 F	Hardware purchase	3,821	1.0	N/A	Bank transfer	Supplier F is a construction company, established in Shanghai in 2020 with a registered capital of RMB5.0 million. We entered into an agreement with Supplier F for hardware procurement, effective from September 2020 to August 2023.	2020
<b>Total</b>		<u><u>360,352</u></u>	<u><u>90.3</u></u>				

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### For the year ended December 31, 2022

Supplier	Major services/products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier A	Media resource	508,479	87.3	Monthly settlement; payment within 28 days	Bank transfer	Supplier A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China's mobile internet market. We mainly place advertisements via Supplier A's short video distribution platforms for our advertising customers of the precision marketing business.	2018
Supplier B	Media resource	12,171	2.1	Advance payment	Bank transfer	Supplier B is a Chinese multinational technology and entertainment conglomerate and holding company headquartered in Shenzhen, founded in 1998. Supplier B primarily provides online communication and social media services. It was listed on the Hong Kong Stock Exchange in 2004.	2021
Supplier C	Media resource	10,768	1.8	Advance payment	Bank transfer	Supplier C is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier C's online marketing business mainly comprises search engine marketing, content marketing, mini-program development and website construction services. It mainly provides services for our T Cloud product.	2018

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Supplier	Major services/ products procured	Purchase amount <i>(RMB in thousands)</i>	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier D	Media resource	4,842	0.8	Advance payment	Bank transfer	Supplier D is a technology company specializing in internet-related services and products, established in Beijing in 2000 with a registered capital of US\$45.2 million. It operates the leading search engine platform in China, and engages in AI, autonomous driving and online entertainment services. Supplier D's ultimate holding company was listed on the Hong Kong Stock Exchange in 2021, with its American Depository Shares listed on the Nasdaq Stock Market in 2005.	2018
Supplier G	Media resource	1,980	0.3	Monthly payment by the end of next month	Bank transfer	Supplier G is a foreign-invested advertising company, established in Shanghai in 2009 with a registered capital of US\$1.0 million. Supplier G's ultimate holding company, which operates a world's leading search engine platform, primarily focuses on online advertising, search engine technology, cloud computing and certain AI-related services, and was listed on the Nasdaq Stock Market in 2004.	2013
<b>Total</b>		<b><u>538,240</u></b>	<b><u>92.4</u></b>				

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**For the year ended December 31, 2023**

Supplier	Major services/products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier A	Media resource	437,564	83.2	Monthly settlement; payment within 28 days	Bank transfer	Supplier A is a leading Chinese internet technology company operating short video distribution platforms, established in Beijing in 2016 with a registered capital of RMB100 million. It has a dominant market position and a large market share in China's mobile internet market. We mainly place advertisements via Supplier A's short video distribution platforms for our advertising customers of the precision marketing business.	2018
Company E	Advertising data services	20,009	3.8	N/A <sup>(2)</sup>	Bank transfer	Company E is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange in 2019, with its American Depositary Shares listed on the New York Stock Exchange in 2014. Company E's business includes commerce, cloud computing, digital media and entertainment, and innovation initiatives.	2020
Supplier C	Media resource	11,422	2.2	Advance payment	Bank transfer	Supplier C is an online marketing company, established in Wuxi in 2016 with a registered capital of RMB0.1 million. Supplier C's online marketing business mainly comprises search engine marketing, content marketing, mini-program development and website construction services. It mainly provides services for our T Cloud product.	2018

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Supplier	Major services/products procured	Purchase amount (RMB in thousands)	% of our cost of sales	Credit term	Payment method	Background of the Supplier	Commencement year of business relationship
Supplier B	Media resource	6,708	1.3	Advance payment	Bank transfer	Supplier B is a Chinese multinational technology and entertainment conglomerate and holding company headquartered in Shenzhen, founded in 1998. Supplier B primarily provides online communication and social media services. It was listed on the Hong Kong Stock Exchange in 2004.	2021
Supplier D	Media resource	6,569	1.2	Advance payment	Bank transfer	Supplier D is a technology company specializing in internet-related services and products, established in Beijing in 2000 with a registered capital of US\$45.2 million. It operates the leading search engine platform in China, and engages in AI, autonomous driving and online entertainment services. Supplier D's ultimate holding company was listed on the Hong Kong Stock Exchange in 2021, with its American Depositary Shares listed on the Nasdaq Stock Market in 2005.	2018
<b>Total</b>		<b><u>482,272</u></b>	<b><u>91.7</u></b>				

*Notes:*

- (1) The suppliers are anonymized because they did not consent to the disclosure of their identities in this prospectus, and we are contractually obliged to not disclose the identity of certain suppliers.
- (2) 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.

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During the Track Record Period, Company E was one of our five largest customers from 2021 to 2023, contributing to 5.4%, 3.2% and 2.0% of our revenue in 2021, 2022 and 2023, respectively, procuring both our online advertisement distribution services and SaaS products; Company E was also our supplier for advertising data services under the precision marketing services in 2021 and SaaS business during the Track Record Period, contributing to 0.6%, 0.1% and 3.8% of our cost of sales in 2021, 2022 and 2023, respectively, and became one of our five largest suppliers in 2023. Company E is a technology company in China engaged in the operation of a number of media platforms and its subsidiaries, operating different businesses, purchased our SaaS products and online advertisement distribution services to address their respective business needs. According to Frost & Sullivan, it is a common practice in the precision marketing industry for media platforms to become advertisers when they have the advertising needs to market their products and services. In addition, we procure from Company E advertising data services, mainly related to the behavior data (without personal data) from the media platforms operated by it, to enhance the performance of our SaaS products on such media platforms. Company E uses our SaaS products to promote and expand the online exposure of its media platforms and products across various online media channels. It is different subsidiaries of Company E that provided us advertising data services and used our SaaS products and consequently, the supply of products and/or services to Customer E by us is conducted independently from the purchase of products and/or services by us from Customer E during the Track Record Period.

The following table sets forth the purchase amount and sales amount attributable to Company E for the years indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Sales amount</b>			
– SaaS business	25,631	23,807	19,966
– Precision marketing services	21,781	12,488	4,710
<b>Purchase amount</b>			
– SaaS business	532	421	20,009
– Precision marketing services	1,688	–	–

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 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.”

*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 agreements with an 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 content.* 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 content to be placed on media platforms does not violate any applicable laws, regulations, or internal policies of media platforms, and does not infringe any third party's rights. We have implemented a series of internal control measures for advertising business compliance. See “– Precision Marketing – Compliance with the Advertising Law under the Precision Marketing Services Business.”
- *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.

***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 content 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 the customer base, which continuously delivers value to Supplier A.

In addition, we are looking 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 recognised 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 20 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 relationships, 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 levels.

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In light of the above, we believe that we have become a valuable business partner to Supplier A and have established a stable and cooperative relationship, reflected by our increasing business with them. We are capable of placing large-scale, attractive and effective online advertisements on Supplier A's media platforms and to 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 the 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 a business relationship with Supplier B, a leading internet and technology company in China primarily providing online communication and social media services, and one of our major suppliers in 2021, 2022 and 2023. 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.

### 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) an 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, enabling us to respond quickly to emergencies. We had not experienced any material service interruption, system downtime, attacks on our software or websites, or other operational issues that caused material adverse impact on our business operations during the Track Record Period.
- *Security.* Our platform has obtained level three certification from 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.

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- *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.
- *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 combine functional modules flexibly 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. During the Track Record Period, we incurred R&D investment in our proprietary AI technologies and systems amounting to RMB76.1 million in aggregate. 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 content. For natural language processing, well-trained algorithms are capable of basic data pre-processing, supporting the business scenarios dominated by unstructured text.

In addition, we create models for customers in various industries to handle their requests. Such models include sales lead rating models for automobile companies, customer acquisition and retention models for auto insurance, churn warning models and repurchase prediction models. Our models allow customers to utilize a wealth of historical and real-time customer data. By applying data analysis and machine learning techniques, they provide accurate predictions and insights into end customer behavior.

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 depending on their sensitivity.

Our computing infrastructure is a combination of third-party data center hosting facilities located in China and our self-owned data centers. We believe that we are able to maintain business operations and meet computing power needs through hardware purchases from domestic suppliers.

### ***AI Content Generation***

We have particularly focused on AI content generation technologies, including text, graphics and video creation, leveraging our marketing database and our existing industry content database. 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 graph to present the relationship between the enterprise, its main products, raw materials, and upstream and downstream industry entities in a graphical data structure. The knowledge graph enables our models to achieve a deeper understanding of complex data and relationships. We adopt training methods to allow the models to efficiently learn and apply information from the knowledge base. In addition, the knowledge graph helps our customers understand the relationships in the industry's supply chain to assist in formulating their marketing strategies.

**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.

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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.

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 Catalog 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," and "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 content. 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 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 content 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.

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### 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:

- 704 software copyrights in China;
- 53 domain names in China;
- 26 trademarks in China;
- 22 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.

During the Track Record Period and 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:

<b>Employee Function</b>	<b>Number of employees</b>	<b>% of Total</b>
Sales	901	46.7
Research and Development	461	23.9
Administration and Operations	391	20.2
Customer Success	178	9.2
<b>Total</b>	<b>1,931</b>	<b>100.0</b>

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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 the total of the balance of each month-end number of employees divided by the number of months in a certain year:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Sales	1,412	1,227	957
Research and Development	424	596	511
Administration and Operations	457	536	447
Customer Success	228	218	203

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 sales team to reach a wider range of customers. However, due to the adverse impact of the COVID-19 pandemic and relevant restrictions, the number of sales staff decreased in the second quarter of 2022. In the third quarter of 2022, we continued to recruit sales staff to enhance our selling and marketing efforts in light of the eased pandemic control across China. We experienced sales staff attrition in the fourth quarter of 2022, resulting from the sporadic resurgences of COVID-19 cases in several provinces and cities which negatively affected our sales activities. Overall, in 2022, we maintained a reasonable-sized sales team in light of the sporadic resurgences of the COVID-19 pandemic across China, with the monthly average number of sales staff slightly decreasing from 1,412 in 2021 to 1,227 in 2022. The monthly average number of sales staff decreased from 1,227 in 2022 to 957 in 2023, primarily due to (i) the relatively higher number of sales staff in the first half of 2022 following the expansion of sales team in 2021, and (ii) us mainly leveraging our established sales force to expand business and focused on improving the sales efficiency in 2023. We believe that we were able to maintain our business development and revenue growth in 2023 with our current scale of sales team, primarily because (i) we had established a strong sales network in a number of cities with accumulated sales resources, and were able to acquire sales leads from more sources, and (ii) we optimized our customer structure, which also contributed to our sales efficiency, evidenced by the growth in the number of users contributing contract value of over RMB100,000 from 1,307 in 2021 to 1,379 in 2022 and further to 2,006 in 2023.

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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.

We have implemented internal measures for anti-corruption, applicable to both SaaS and precision marketing businesses, and included such clause in the procurement contracts we enter into with our suppliers. In particular, we strictly prohibit receipt of gifts, cash, kickbacks and additional benefits, including but not limited to traveling and other marketing entertainments, either directly or indirectly. We also developed a whistle-blower program where we encourage our employees to report instances of bribery directly to the internal audit department. We also encourage our suppliers to report to us any kickbacks.

### **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.

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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 establishing 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;
- we limit the number of employees for whom we engage third-party agencies to pay social insurance and housing provident funds, with the number of such employees decreasing from 22 as of January 1, 2021 to 18 as of March 31, 2024; and
- we will regularly consult with our PRC legal counsel for advice on relevant PRC laws and regulations to keep ourselves informed of regulatory developments.

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During the Track Record Period and 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, it may be deemed a failure to make full contributions, with the shortfalls 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 RMB15.5 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 Advisor, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

## INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors – Risks Related to Our Business and Industry – We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise" for further details.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Our Directors are responsible for formulating our strategies and policies on environmental, social and governance ("ESG") matters. Our Directors also support our commitment to fulfilling environmental and social responsibility through managing ESG-related risks and ensuring that an effective internal control system is in place to mitigate such risks.

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As a marketing and sales SaaS solution provider, we do not operate any production facilities, and we conduct the majority of our business online. Therefore, we are not subject to significant health, safety or environmental risks in our daily operations. Nonetheless, we are committed to a green management philosophy, and have adopted carbon reduction measures to limit our carbon footprint in the workplace.

### **Governance**

We are in the process of establishing an ESG policy (the “**ESG Policy**”) incorporating the following aspects: (i) appropriate risk governance of ESG matters, including climate-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governing structure; (iv) ESG strategy formation procedures; (v) ESG risk management and monitoring; and (vi) the identification of key performance indicators, the relevant measurements and mitigating measures.

Our Board has the overall responsibility for overseeing and adopting the ESG Policy, assessing ESG-related risks on a regular basis according to applicable laws, regulations and policies, crafting and determining our strategies and key targets, as well as reviewing our performance annually against ESG-related targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

We are also in the process of setting up an ESG working group comprising personnel of key operational functions to support our Board in implementing the ESG Policy. Specifically, the ESG working group would in general be responsible for keeping abreast of the latest ESG-related laws and regulations, conducting materiality assessments of ESG-related risks and assessing how we adapt our business in light of climate change, and continuously monitoring the implementation of measures to address our ESG-related responsibilities. We expect to establish our ESG Policy and set up the ESG working group before Listing.

### **The Actual and Potential Impact of ESG-Related Risks**

Global warming poses a wide range of risks to business operations, including supply chain disruptions, rising insurance costs, and labor challenges. We actively identify and monitor environmental, social, and climate-related risks and opportunities that may affect our business, strategy, and financial performance. We evaluate the magnitude of the resulting impact over the short, medium, and long-term horizons. Since our business does not involve the operation of any physical production facilities, we do not currently have any material liabilities relating to health, work safety, and the environment. We do not expect to incur any material liabilities in this regard that could have a significant adverse impact on our business or operating results. As advised by our PRC Legal Advisor, we are not required to obtain any material approvals or certificates for the principal business we engage in under environmental laws and regulations in the PRC. Most of the potential physical risk and transition risk can only affect our customers, which may eventually impact our revenue.

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In the short term, epidemics, extreme weather, earthquakes, and other natural disasters will negatively impact on the operations of us and our customers. Our main operation is located in the urban area of Shanghai which may be vulnerable during extreme weather events. Extreme weather conditions may cause the suspension or disruption of our business operations and adversely impact our financial performance. Extreme weather may also cause service disruptions, which in turn may adversely affect our ability to deliver services to our customers. As our teams operate in the urban area of Shanghai, the physical impact of climate change on our operations is relatively limited. However, we are fully aware that extreme weather events can cause system failures that may result in chaos. Such failures could lead to data loss, which may impact our ongoing relationships with our users. To address this issue, we will closely monitor daily observatory predictions and promptly notify our employees and other personnel of any related measures in case of extreme weather. In 2024, we expect to establish specific protocols for working during extreme weather to ensure the safety of our employees and the normal operation of our business. Furthermore, we will consider extreme weather risks when negotiating and entering into contracts with our stakeholders to minimize economic losses under such circumstances.

In the medium to long term, governments may change existing or enact new environmental, social and climate-related laws and regulations, which may affect our business, operations and financial position directly or indirectly. For example, such change may strengthen climate-related requirements, affect the energy-saving equipment costs of our computing infrastructure and data centers, or increase labor costs. 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 trends 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.

### Metrics and Targets

#### *GHG Emissions and Control*

As a marketing and sales SaaS solution provider, electricity consumption is the main source of GHG emissions in our operations. Under our ESG policy, we have set our goals to guide our business operations. We expect to continuously optimize our energy utilization, particularly in our data centres. We actively engage in energy conservation initiatives in our data centres to contribute to societal environmental preservation efforts:

#### *Energy Conservation in Power Supply and Distribution System*

We are committed to energy savings by optimizing the power supply and distribution system. We ensure that the load rate of our Uninterruptible Power System (UPS) is maintained above 50% for high operational efficiency. At the same time, we reduce the battery capacity of the UPS so that it only satisfies the amount of power needed to activate the diesel generator to achieve the purpose of energy conservation.

#### *Energy Conservation in Lighting Control System*

We have designed a highly efficient and flexible lighting control system in our data centres. We install intelligent sensor LED lights in non-working areas, which have an automatic shut-off control function to reduce the energy consumption of lighting.

#### *Optimize the Thermal Layout and Design of the Server Room*

We optimize all aspects of server room design, layout, usage, etc., and carry out logical thermal planning to reduce energy consumption for the server room cooling.

In addition, we have carried out energy saving measures in our offices. We keep our lighting fixtures and lamps clean to maximize 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.

In order to control Scope 3 emissions, we encourage online meetings in order to replace non-essential business travel, and if it is really unavoidable, we try to choose low carbon traveling options such as trains instead of aircraft. In our office, we encourage our staff to reduce paper, water and electricity consumption, separate trash to facilitate recycling and reduce work waste.

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The following table sets forth our electricity consumption and the greenhouse gas emissions in 2021, 2022, and 2023 respectively:

	Year ended December 31,		
	2021	2022	2023
Electricity consumption (kWh per million RMB revenue)	2,997.6	3,255.7	6,534.7
Greenhouse gas emissions (tonnes of CO <sub>2</sub> equivalent)	1,577.9	2,174.4	3,491.6
Scope 1 direct emissions (tonnes of CO <sub>2</sub> equivalent)	46.5	49.0	49.7
Scope 2 indirect emissions (tonnes of CO <sub>2</sub> equivalent)	1,527.8	2,121.8	3,438.7
Scope 3 indirect emissions <sup>1</sup> (tonnes of CO <sub>2</sub> equivalent)	3.6	3.6	3.2
Intensity of greenhouse gas emissions (tonnes of CO <sub>2</sub> equivalent/RMB million of revenue)	1.8	1.9	3.8

*Note:*

1. The calculation of Scope 3 GHG emissions currently only includes emissions generated from the treatment of waste paper. We expect to improve our GHG data collection system and measure the other categories of Scope 3 emissions in the future.

We expect to reduce electricity consumption and carbon emission by improving energy saving in our business operations. Specifically, we expect to reduce our electricity consumption by 4% 2024, and reduce the intensity of carbon emissions 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.

### **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 law. 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.

### **Marketing and Advertising**

Our primary focus on SaaS sales and marketing implies that our services play a crucial role in enabling and facilitating various forms of advertising. We recognize that our services may have social impacts, including but not limited to the influence on customer behavior and choices; the impact of advertising content on social values; the concerns on the user data privacy and security; and the contribution to the democratization of advertising by providing accessible and affordable tools for businesses and small and medium-sized enterprises (SMEs).

In order to address these potential social impacts and contribute to a more ethical, inclusive, and sustainable advertising ecosystem, we have been promoting responsible advertising practices, supporting the creation and dissemination of socially responsible content, considering data privacy, and empowering SMEs. We consider the ethical implications of advertising, such as avoiding the promotion of unhealthy products, deceptive practices, or manipulative techniques. We encourage our clients to promote socially responsible messages, support diversity and inclusion, and align with sustainable practices. We prioritize the protection of personal information and comply with relevant privacy regulations.

To promote the compliance and ethicality of advertising content, we have established Advertising Business Acceptance Registration, Review and Records Management Policy (廣告業務承接登記、審核、檔案管理制度). The policy mandates the registration of advertising businesses, requiring accurate information about the advertiser's identity, contact details, qualifications, and advertising platforms. For certain advertisements, proof of approval from the advertising regulatory authority must be recorded. The policy emphasizes thorough examination by knowledgeable personnel to ensure compliance with advertising laws and regulations. The examination covers various aspects, including the authenticity of the content, prohibition of misleading or prohibited elements, compliance with legal requirements, and avoidance of content that may harm the public interest or violate ethical norms. The policy categorizes and examines specific illegalities and infringements, with additional scrutiny for certain product categories. The final step involves a review by the advertising supervisor or a designated reviewer before proceeding with production. Overall, this policy aims to regulate the compliance and ethical standards of advertising content within our Group, ensuring that it complies with legal requirements, protects consumers, and upholds societal values.

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### PROPERTIES

Our corporate headquarters are located in Shanghai, China. As of the Latest Practicable Date, we did not own any property and leased 30 properties with an aggregate gross floor area of approximately 49,580.51 square meters, which were primarily used as premises for our offices and business operations. Of the 30 properties, 29 are leased for office use, and one for our data center. All of the properties with title defects are used as offices.

As of the Latest Practicable Date, the lessors of five 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 we 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.

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 from lessors of three 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) lessor of another leased property has 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 nine 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

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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.

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 28 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.

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### LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our principal business operations in the PRC, which had remained in full effect. Each of our PRC subsidiaries has obtained its business license and in particular, Shanghai Trueland, Trueland Network and Wuxi Trueland each hold an IDC license; Shanghai Trueland and Trueland Network each hold an EDI License.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any pending or completed legal, arbitral or administrative proceedings against us that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

#### Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been, and were not, involved in any administrative penalties relating to incidents of material noncompliance.

#### *Inspection on our products*

In 2022, it was reported in several news articles that we were involved in manipulating the results of online search and misled potential customers with online review, comments and replies with the use of fake accounts (the “**Allegations**”). Following the news report, the Shanghai Jingan District Market Supervision Administration (“**Jingan MSA**”), joined by Shibe High-tech Market Supervision and Management Office and representatives from Shibe High-tech Industrial Park Institute, conducted an administrative inspection on the Allegations and performed a range of investigations.

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 introductions 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 content 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.

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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. During the Track Record Period, we had not encountered any major interruptions, obstructions, or attacks on our software or websites, or any major operational issues. Set forth below is the summary of our related policies and procedures.

#### **Data Access and Usage**

Our users may upload certain personal information for use of SaaS products and obtaining services from us, such as mobile numbers and email addresses. 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 a 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 employees' use of data. Further, detailed records of the access logs of such employees are subject to regular review.

### **Storage and Transmission**

We have adopted a 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.

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 operations. The data security team is responsible for enhancing our data protection system to keep up with changes in laws and regulations, 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 systems, 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 ensure that we have obtained and maintained all the necessary permits and licenses required for our operations. If the relevant laws and regulations do not clearly stipulate whether an action can or should be taken, we will adopt a conservative attitude to avoid any potential compliance issues. We continually improve our internal policies and update internal templates of legal documents according to changes in laws, regulations and industry standards to ensure our ongoing compliance.

**Human Resources Risk Management**

We provide regular and specialized training tailored to the needs of our employees in different departments. We have in place an employee handbook approved by the management and distributed to all our employees, which contains internal rules and guidelines regarding work ethics, negligence and misconduct. We provide employees with regular training and resources to explain the guidelines contained in such handbook. We also have an anonymous reporting channel so that potential violations of internal policies or illegal practice at all levels of the Group can be reported to the management in a timely manner, and appropriate measures can be taken to minimize any damage.

**Ongoing Measures to Monitor the Implementation of Risk Management Policies**

We have established an audit committee under the Board of Directors, together with the financial department and our management to monitor the implementation of our risk management policies on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. For the professional qualifications and experiences of the members of the Audit Committee, see “Directors and Senior Management – Directors – Independent non-executive Directors.”

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Members of the internal audit department hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement to resolve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are communicated to the committee on a timely basis. The audit committee then discusses the issues and, if necessary, reports to the Board.

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## BUSINESS

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### AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, the most significant of which are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority	Entity/Product
Top 100 Software and Information Technology Service Enterprises in Shanghai	2023	Shanghai Municipal Commission of Economy and Information Technology	The Group
2023 China Software Technology Leading Enterprise Award	2023	The Digital Observer Online	The Group
Top One Influential AI SaaS Enterprise of 2023; Leading Enterprise in the Industry in 2023	2023	Internet Weekly of Chinese Academy of Sciences; eNet Academy; Deben Consulting	The Group
“Leading Enterprise” of Big Data Service Providers (大數據優秀服務商之選“領航企業”)	2023	Internet Weekly of Chinese Academy of Sciences; eNet Academy; Deben Consulting	The Group
Annual Digital Marketing Platform (年度數字營銷平台)	2023	IAI AWARDS	The Group
Annual Excellent Data Intelligent Technology Platform (年度優秀數據智能技術平台)	2023	iDigital Annual Awards – The 6th GMTIC Global Marketing Technology and Retail Innovation Conference	The Group
Cloud Connect – Leading Brand Award of the Year 2021-2022 (“雲鼎獎”2021-2022年度領先品牌)	2022	Cloud Connect China	The Group
Top 1 in AI & SaaS Enterprises of 2022 (2022人工智能SaaS企業榜首)	2022	Internet Weekly of Chinese Academy of Sciences	The Group
High-tech Enterprise (高新技術企業)	2022	Shanghai Government	The Group

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## BUSINESS

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Award/Recognition	Award Year	Awarding Institution/Authority	Entity/Product
Top 100 in Software and Information Technology Service Industry in Shanghai of 2022 (上海軟件和信息技術服務業百強)	2022	Shanghai Municipal Commission of Economy and Informatization	The Group
China's Top 500 Innovative Brands of 2021 (2021中國創新品牌500強)	2021	Asia brand; China Asian Economic Development Association; <i>Global Time</i>	Shanghai Trueland
Top One AI SaaS Enterprise of 2021 (2021人工智能SaaS企業排行榜)	2021	Internet Weekly of Chinese Academy of Sciences; Information Research Center of Chinese Academy of Social Sciences; eNet Academy; Deben Consulting	The Group
Twelfth Golden Mouse Digital Marketing Awards – Gold Award for Performance-based Marketing (第12屆金鼠標數字營銷大賽效果營銷類金獎)	2021	Golden Mouse Digital Marketing Competition	Kaililong (Shanghai) Software Information Technology Co., Ltd.
First Prize for Shanghai Science and Technology Award (上海市科學技術獎一等獎)	2020	The Reward of Science and Technology Committee of Shanghai	The Group
Cloud Connect China Special Award – Cloud Contributor on COVID-19 Fight of 2020 (第七屆“雲鼎獎”特別獎項: 2020雲計算抗疫先鋒企業)	2020	Cloud Connect China	Shanghai Trueland
The Most Popular AI-SaaS Enterprises Marketing Service Award of 2020 (2020年度最受企業歡迎AI-SaaS企業營銷服務平台)	2020	Internet Weekly of Chinese Academy of Sciences; Information Research Center of Chinese Academy of Social Sciences; eNet Academy; Deben Consulting	Shanghai Trueland

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## CONTRACTUAL ARRANGEMENTS

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### BACKGROUND

Our Consolidated Affiliated Entities were established under the laws of the PRC. As described below, business in certain areas of the industry in which we currently operate are subject to foreign investment prohibitions under current PRC laws and regulations. It was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive 100% of all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements. For details of our Contractual Arrangements, please see “Contractual Arrangements – Overview” below.

### REASON FOR ADOPTION OF CONTRACTUAL ARRANGEMENTS

Our business operations and offerings in the PRC have mainly been conducted through our Consolidated Affiliated Entities, including:

- (1) Shanghai Trueland and its subsidiaries (the “**SaaS Entities**”), which are principally engaged in provision of cloud-based marketing and sales services and solutions through SaaS products powered by our proprietary technology infrastructure layer of the Marketingforce platform in China (the “**SaaS Business**”); and
- (2) Shanghai Kaililong, Wuxi Kaililong, Kaililong (Guangzhou) Information Technology Co., Ltd. (“**Guangzhou Kaililong**, 凱麗隆(廣州)信息科技有限公司), Wuxi Trueland, and Wuxi Trueland Intelligence Technology Co., Ltd (“**Wuxi Trueland Intelligence**”, 無錫珍島智能技術有限公司) (collectively, the “**Precision Marketing Entities**”), which are principally engaged in provision of one-stop mobile social precision marketing solutions (the “**Precision Marketing Business**”);

(collectively, the “**Relevant Businesses**”).

The Contractual Arrangements were adopted for the Relevant Business as each of the SaaS Business and the Precision Marketing Business is highly integrated and correlated with and therefore inseparable from the Group’s underlying technology infrastructure layer of the Marketingforce platform, which offers our core technology capabilities, namely cloud computing technology, big data analytics and AI, and requires the Value-added Telecommunications Business Operation Permit with Internet Data Centre Services (including Internet resources cooperation services) (“**IDC License**”), which is subject to foreign investment prohibition.

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## CONTRACTUAL ARRANGEMENTS

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### Foreign investment prohibition on our underlying technology infrastructure

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”) and the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraging Catalog**”), both of which were promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into three categories in terms of foreign investment, namely, “encouraged”, “restricted” and “prohibited.” Industries not listed under the Negative List and the Encouraging Catalog are generally deemed as falling into a fourth category “permitted.”

According to the definition of IDC business under the Telecommunications Business Catalogue (《電信業務分類目錄》), the “**Catalogue**”), as last amended by the MIIT on June 6, 2019, the business of Internet data center (互聯網數據中心業務, namely, IDC business) also includes the business of Internet resources sharing and cooperation (互聯網資源協作服務業務). As further elaborated by China Academy of Information and Communication Technology (“**CAICT**”) in its guideline, the business of Internet resources sharing and cooperation refers to such services including data storage, development of Internet application environment, Internet application planning, operation and management provided by real-time acquisition and expansion, use upon demand and cooperation and sharing through Internet or other networks, leveraging the facilities and resources powered by data center. Therefore, cloud computing and IDC functions and services delivered through our underlying technology infrastructure layer of the Marketingforce platform (the “**IDC Infrastructure Functions**”) by Shanghai Trueland is regarded as the business of Internet data centre, and constitute a subcategory of value-added telecommunications service under the Catalogue. As such, the operation of such business would require the IDC License.

As advised by our PRC Legal Advisor, according to the Negative List, foreign investors are only allowed to invest into certain types of value-added telecommunications services that have been opened up to foreign investment pursuant to China’s commitments to the WTO. However, the IDC business has not been included in the scope of China’s foregoing commitments to the WTO to date.

According to the Mainland and Hong Kong Closer Economic Partnership Arrangement (《內地與香港關於建立更緊密經貿關係的安排》) and Mainland and Macao Closer Economic Partnership Arrangement (《內地與澳門關於建立更緊密經貿關係的安排》) as issued by the MOFCOM in 2003, the Agreement on Trade in Services under the Mainland and Hong Kong Closer Economic Partnership Arrangement (《<內地與香港關於建立更緊密經貿關係的安排>服務貿易協議》) and the Agreement on Trade in Services under the Mainland and Macao Closer Economic Partnership Arrangement (《<內地與澳門關於建立更緊密經貿關係的安排>服務貿易協議》) as issued by the MOFCOM in 2015 and most recently amended in November, 2019, and the Circular of the MIIT on Issues concerning the Provision of Telecommunications Services by Hong Kong and Macao Service Providers in the Mainland (《工業和信息化部關於港澳服務提供者在內地開展電信業務有關問題的通告》) which was promulgated by the

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## CONTRACTUAL ARRANGEMENTS

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MIIT and took effect on June 30, 2016 (together with the foregoing arrangements, the “**CEPA Rules**”), Hong Kong and Macau service providers which satisfy the qualification requirements under the CEPA Rules are allowed to establish sino foreign equity joint ventures in Mainland China to operate IDC business and such qualified Hong Kong and Macau service providers (as foreign investors) may acquire up to 50% of the equity interests of such joint ventures. The main qualification requirements under the CEPA Rules for such Hong Kong/Macau service provider include the following (the “**CEPA Qualification Requirements**”):

- (i) the nature and scope of services provided in Hong Kong/Macau by such service provider shall include the nature and scope of services proposed to be provided in Mainland China;
- (ii) such service provider shall be registered in Hong Kong/Macau and have engaged in substantial business operations for more than three years;
- (iii) such service provider from Hong Kong/Macau shall pay profit tax in accordance with the law during the substantive business operations in Hong Kong/Macau;
- (iv) such service provider from Hong Kong/Macau shall own or rent business places in Hong Kong/Macau to engage in substantive business operations, and their business places shall be consistent with their business scope and scale; and
- (v) among the employees employed by such service provider in Hong Kong/Macau, the residents without restriction of residency in Hong Kong/Macau and the PRC mainlanders with one-way pass who settle down in Hong Kong/Macau shall account for no less than 50% of the total number of its employees.

In light of the above, as advised by our PRC Legal Advisor, the delivery and offering of the IDC Infrastructure Functions by Shanghai Trueland requires an IDC License, which is only open to Hong Kong and Macau service providers that satisfy the CEPA Qualification Requirements, with a maximum Hong Kong or Macau ownership percentage of 50%. In addition, foreign investor’s holding of such IDC License remains ultimately subject to discretion and examination by the MIIT.

Our PRC Legal Advisor conducted (i) verbal consultation with MIIT in May 2021; (ii) verbal consultation with MIIT in July 2021 (the “**2021 Consultation**”); and (iii) verbal consultation with Shanghai Communications Administration (上海市通信管理局) in February 2024 (the “**2024 Consultation**”), during which the officers of MIIT and of Shanghai Communications Administration confirmed that:

- (A) the IDC License held by a domestic company would be adversely affected if it was invested in or held, directly or indirectly, by any foreign investor (including its direct shareholder and its direct subsidiary) that does not satisfy the CEPA Qualification Requirements;

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## CONTRACTUAL ARRANGEMENTS

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- (B) to satisfy the CEPA Qualification Requirements, the foreign shareholder(s) of the applicant, whether direct or indirect, shall hold a valid Certificate of Hong Kong/Macau Service Supplier granted by Hong Kong Trade and Industry Department or Macau Economic and Technological Development Bureau; and
- (C) taking into account that the Company and the non-Hong Kong/Macau shareholders of the Company are unable to hold Certificate of Hong Kong/Macau Service Supplier and the Company's possible spread of foreign shareholders immediately following the completion of the Listing, such indirect foreign shareholders of the domestic applicants (i.e. entities operating businesses subject to IDC License) will not be viewed as Hong Kong/Macau service providers that satisfy the CEPA Qualification Requirements, and therefore the MIIT will not grant the IDC License to us even if the Hong Kong affiliate of us fulfils the CEPA Qualification Requirements.

Our PRC Legal Advisor also conducted a verbal enquiry, in September 2022, with China Academy of Information and Communications Technology (中國信息通信研究院) (“CAICT”), a public institution entity directly under the MIIT, during which the officer of CAICT confirmed that Shanghai Trueland will not be able to deliver and offer the IDC Infrastructure Functions if our foreign shareholders with no Certificate of Hong Kong/Macau Service Supplier acquire, directly or indirectly, any equity interest in Shanghai Trueland.

As advised by our PRC Legal Advisor, (i) MIIT is the competent authority in determining whether the IDC License shall be granted to foreign-invested enterprises; (ii) CAICT has the competent authority to interpret and explain the relevant policies and to address our enquiries to it above; and (iii) Shanghai Communications Administration is the competent authority to address the consultation and inquiries made in the further verbal consultation conducted in February 2024.

As of the Latest Practicable Date, Marketingforce (HongKong) Limited, AMERICAN KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED (“**American Kaililong**”) and KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED (“**Kaililong HK**”) are the only three Hong Kong subsidiaries owned by the Group, among which (a) Marketingforce (HongKong) Limited is an investment holding entity only with no substantive operation in Hong Kong since its incorporation, while (b) American Kaililong and Kaililong HK are both engaged in overseas precision marketing business by placing advertisements on overseas media platforms remotely through our business staff based in mainland China, with no scale of business operation in Hong Kong.

As advised by our PRC Legal Advisor, according to the CEPA Rules, in order to be qualified as a Hong Kong/Macau service provider, a Hong Kong/Macau entity shall satisfy the CEPA Qualification Requirements as mentioned above. In addition, based on a telephone consultation with Hong Kong Trade and Industry Department, the officer of Hong Kong Trade and Industry Department noted that (i) as Marketingforce (HongKong) Limited has no substantive operation in Hong Kong since its incorporation, it will not be able to apply for Certificate of Hong Kong Service Supplier; (ii) reference may be made to Appendix 5 to Notice

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to Service Suppliers No. 1/2020 Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) Application Procedures for Hong Kong Service Supplier (HKSS) Certificate, which specially requires the applicant to have substantive business operation in Hong Kong. As such, given that American Kaililong and Kaililong HK carry out the substantive operation through staff based in mainland China, it would be difficult for them to apply for Certificate of Hong Kong Service Supplier; and (iii) as none of our three Hong Kong subsidiaries owns or rents business premises for any substantive operations commensurating with the scope and the scale of its business, it is unlikely that they will be able to obtain Certificate of Hong Kong Service Supplier. Based on the foregoing, we are of the view that none of our Hong Kong subsidiaries will be able to obtain the Certificates of Hong Kong Service Supplier.

Further, even if there is an intermediate holding company within our Group that is a holder of Certificate of Hong Kong/Macau Service Supplier, as advised by our PRC Legal Advisor, Shanghai Trueland will still not be able to deliver and offer the IDC Infrastructure Functions if foreign shareholders with no Certificate of Hong Kong/Macau Service Supplier acquire an indirect equity interest in Shanghai Trueland, on the following basis:

- (i) as advised by our PRC Legal Advisor, the CEPA Qualification Requirements apply to the direct and indirect shareholders of the entities operating businesses that are subject to IDC License instead of just intermediate holding company within the Group with Hong Kong operation;
- (ii) the delivery and offering of the IDC Infrastructure Functions by Shanghai Trueland requires an IDC License, which in terms of foreign investment restrictions is only open to Hong Kong and Macau service providers that satisfy the CEPA Qualification Requirements, with a maximum Hong Kong or Macau ownership percentage of 50%; and
- (iii) as confirmed with the officers of MIIT and of Shanghai Communications Administration in verbal consultations conducted by the PRC Legal Advisor in May and July 2021 and February 2024 as mentioned above, (a) to satisfy the CEPA Qualification Requirements, the foreign shareholder(s), whether direct or indirect, of the domestic applicant (i.e. entities operating businesses subject to IDC License) shall hold a valid Certificate of Hong Kong/Macau Service Supplier granted by Hong Kong Trade and Industry Department or Macau Economic and Technological Development Bureau; and (b) taking into account that the Company and the non-Hong Kong/Macau shareholders of the Company are unable to hold Certificate of Hong Kong/Macau Service Supplier and its possible spread of foreign shareholders immediately following the completion of the Global Offering, such indirect foreign shareholders of the domestic applicants (i.e. entities operating businesses subject to IDC License) will not be viewed as Hong Kong/Macau service providers that satisfy the CEPA Qualification Requirements, and therefore the MIIT will not grant the IDC License to us even if an intermediate holding company within the Group fulfils the CEPA Qualification Requirements.

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On the basis of the above, Shanghai Trueland is therefore required to deliver and offer the IDC Infrastructure Functions through the Contractual Arrangements.

### **SaaS Business – provision of SaaS solutions**

As advised by the PRC Legal Advisor, the provision of SaaS Business is not strictly subject to foreign investment restrictions. However, as the SaaS Business operated by the Group is highly integrated and correlated with the Group's underlying technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibition, and cannot be separated from such infrastructure as explained below:

***A. The whole SaaS Business is highly integrated and correlated with and powered by the Group's technology infrastructure layer, which is subject to foreign investment restrictions.***

The foundation of the Group's SaaS offering is our proprietary technology infrastructure layer, a basic cloud technology-driven infrastructure which provides the fundamental capabilities (including cloud computing, comprehensive data analytics, data storage and Internet data centre capabilities) and environment for development, upgrade and operation of the Group's wide spectrum of SaaS solutions. The Group's SaaS Business is highly integrated and correlated with the Group's technology infrastructure layer in the following ways, among other things:

- the Group's SaaS offering is supported by the IDC Infrastructure Functions provided through our technology infrastructure layer with customised features catering for specific SaaS products to elevate the functions of the services offered by the SaaS Business as well as gain access to valuable data insights generated by SaaS Business. It integrates the Company's cloud architecture functions with the R&D of our SaaS products;
- the Group's cloud-related services directly derived and offered through our technology infrastructure layer also forms an integral part of its SaaS offerings. For example, the Company opens certain functions of its technology infrastructure layer as part of its SaaS offerings to users to support and facilitate their use of our SaaS products. A vast majority of the Group's SaaS contracts also contain cloud computing related functions (the offering of which is subject to IDC License), such as cloud storage and cloud accelerating functions, as an integral part of such offering to further improve the outcomes that the customers wish to achieve with the relevant SaaS products; and

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- the Group's SaaS Business also relies upon the IP addresses linked with our technology infrastructure layer virtual servers to establish and operate online marketplace for the clients. As such, in absence of the Group's technology infrastructure, each online marketplace would require separate IP addresses registered with other public cloud platform, which would reduce operational efficiency of the Group. In addition, without the IP address linkage mentioned above, the Group would not be able to offer its end-to-end all-in-one SaaS products.

Based on the above, it is not viable nor practicable to segregate the SaaS Business from the IDC Infrastructure Functions offered and delivered through our underlying cloud architecture and technology layer of the Marketingforce platform. If the SaaS Business were to be artificially segregated and operated through different entities within the Group, it would distort the true nature of these service offerings and the SaaS Business is not able to be functioned appropriately without the underlying cloud architecture and technologies.

***B. Separating the Group's SaaS Business would fundamentally undermine the operation and offering of its SaaS solutions.***

Unlike certain other SaaS products providers on the market, the Group's proprietary technology infrastructure layer underpins the competitive advantage of the Group's provision of SaaS Business. It enables the Group to leverage our cloud computing, data storage, IDC capabilities to provide efficient, stable and secure SaaS services, such as through better data protection of consumers, more precise customisation, and improved processing and back-up capabilities. Since the launch of our technology infrastructure layer in 2016, the Group regularly revamps it in order to elevate the functions of the cloud computing services and enhance its processing/storage capacities and data security protective measures, and in turn optimise the efficiency of the Company's SaaS products. While the Group continuously refines and upgrades the function and capabilities of our technology infrastructure layer based on the development and demand of SaaS solutions, the SaaS Business also relies on the upgrades of our technology infrastructure layer in order to improve the variety and efficiency of our service offerings. This mutually symbiotic relationship between the SaaS Business and the underpinning technology infrastructure layer reflects the complete integration of the SaaS Business into the Group's integrated cloud service and solution offerings, making it inseparable from the IDC Infrastructure Functions offered and delivered by our Marketingforce platform in practice.

***C. Unified technical support and marketing service will maximize efficiencies and economies of scale.***

The Group's technology infrastructure layer and its related technical support extends to the SaaS Business to maximise the business efficiencies. For instance, the Group performs dual-system hot backup for all the data collected through various cloud-based services and solutions, which was maintained and technically supported by the same group of technical staff. In addition, the research and development of SaaS solutions and our technology infrastructure layer was handled by the same R&D team based on shared understanding and planning of SaaS solutions and the basic technology infrastructure. Further, the Group also

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established a core management team supporting (among other things) the sales and marketing of the Group's SaaS solutions and cloud computing solutions (which requires IDC License for such sales as noted above). As such, the SaaS Business has been highly integrated and correlated with our technology infrastructure layer and it is technologically and commercially impracticable to separate the SaaS Business as a standalone service without fundamentally changing our business models and operations, which might result in an adverse impact on our business operations and the quality of services offered.

In light of the above, given that the Company's SaaS solutions contain inseparable features or function of cloud computing and are integrated with the Group's technology infrastructure layer, which is subject to IDC License, the other SaaS Entities cannot therefore be separated from Shanghai Trueland, being the entity holding the IDC License, and it is necessary for the Company to operate our SaaS Business under the Contractual Arrangements.

In this regard, our PRC Legal Advisor conducted the 2021 Consultation with officer of the MIIT, during which the Company represented to the MIIT officer that SaaS Business is highly integrated and correlated with the Group's Cloud Computing and IDC Business (being the business subject to IDC License) and cannot be separated from the Company's cloud technology infrastructure; and in response, the relevant officer confirmed that that they will defer to the Company to assess whether such businesses are highly integrated and correlated, and based on the Company's presentation, they have no objection to the Company's assessment. As advised by our PRC Legal Advisor, MIIT is the competent authority to address our inquiries in this regard above. Further, our PRC Legal Advisor also conducted a verbal consultation in May 2023 (the "**2023 Consultation**") with officer of Shanghai Communications Administration (上海市通信管理局), the competent authority to address the consultation and inquiries made in the 2023 Consultation as advised by the PRC Legal Advisor. During the 2023 Consultation, the Company represented that our SaaS solutions contain inseparable features and functions of cloud computing; and in response, the officer confirmed that (i) such SaaS solutions offered by the Group are subject to IDC License; and (ii) the SaaS Business Entities cannot be structurally separated from Shanghai Trueland, being the entity holding the IDC License, and may carry out SaaS Business in practice if they are subsidiaries of Shanghai Trueland.

Based on the above, the Group is therefore required to operate SaaS Business through the Contractual Arrangements, and we are of the view that the Contractual Arrangements remain narrowly tailored.

### **Precision Marketing Business**

As advised by our PRC Legal Advisor, provision of precision marketing services is not strictly subject to foreign investment restrictions. However, similar to its SaaS Business, the provision of Precision Marketing Business is also powered by the Company's proprietary technology infrastructure layer, and therefore has been highly integrated and correlated with the Group's underlying technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibition, and cannot be separated from such infrastructure as further explained below.

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**A. *The whole Precision Marketing Business is highly integrated and correlated with and powered by the Group’s technology infrastructure layer (in particular, the cloud computing technology), which requires an IDC License and is subject to foreign investment prohibitions.***

As disclosed above, the Group’s proprietary technology infrastructure layer is a cloud technology-driven infrastructure which provides cloud computing, comprehensive data analytics, data storage and internet data centre capabilities, which provides strong technical support for the Precision Marketing Business in the following ways:

- Our Precision Marketing Business is operated by the Precision Marketing Entities (including Shanghai Kaililong, Wuxi Kaililong, Guangzhou Kaililong etc.) by no means merely as third-party users adopting the cloud computing service and data analytic capabilities of the Group’s technology infrastructure layer. The Company’s business operating and client management system for Precision Marketing Business during the Track Record Period utilizes the cloud computing technology of the Group to cover the full life cycle of our precision marketing services, and enables a comprehensive and efficient analysis of data transmitted back to the underlying infrastructure to enable the function and capabilities of the corresponding precision marketing solutions to achieve precise customisation. In addition, the cloud computing and comprehensive data analytic capabilities offered through the technology infrastructure layer will proactively and automatically generate recommendations as to advertisement layout and content, and target market and customers, which enables the Group’s advertisement production and content creation, as well as maximizes the marketing effect and return.
- As noted in the flow chart in “Business – Precision Marketing – Online Advertisement Solution Services” of this prospectus, the technology empowerment from the Group’s technology infrastructure layer forms an integral part of the online advertisement solutions offered to the clients. For example, the Group’s online advertisement solutions contain built-in cloud-backed tool named “臻惠投 – 卧龍” (TMS-WOLONG), which is developed and maintained on the Group’s technology infrastructure layer and is dedicated to improving marketing efficiency. To be more specific, the Group will be able to monitor the completion rate (完播率) of a marketing video and carry out real-time data acquired therefrom, and further optimise the content creation for the marketing deliverables to Group’s customers. It also compiles and consolidates underlying marketing data of various advertisements placed by the same customer for their review and analysis, and further improve the efficiency of the marketing results.
- Similarly, in the course of providing the Group’s online advertisement distribution services, the Group would, in parallel, offer a built-in cloud-backed tool named “臻惠投-麥斯引擎 (CID)” (TMS-MAX ENGINE) which is developed and iterated on the Group’s technology infrastructure layer. Such tool would primarily compile, analyse and transmit the underlying customers’ purchase-related behavioural data, being a unique tracking parameter (for example, order placed by end customers), at relevant e-commerce platforms whenever such end customers click on an advertisement placed by the Group on its media partners. Based on such data

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collection, consolidation and analysis offered through the technology infrastructure layer, the data summary seized and analysed by such cloud-backed tool will be provided to such media partners to generate recommendations as to target market and customers for similar advertisement content, with a view to maximizing its marketing effect.

- Meanwhile, the link embedded (which redirects end users to the Group's customers' websites) in the precision marketing materials or advertisements distributed or made by the Group on behalf of its customers requires ICP (internet content provider) filing with the relevant local communication administration. As an integral part of the Group's end-to-end all-in-one precision marketing offerings, with support of Shanghai Trueland, the Precision Marketing Entities will also prepare, submit, complete the relevant ICP filings and conduct verification process of ICP filings for its customers, which needs to rely on the IDC License held by Shanghai Trueland.
- In addition to the above, the entire business operating system for our Precision Marketing Business, including clients log-in, credit period application by the clients, services fee settlement and data storage and analysis was, developed and iterated by our technology infrastructure layer, which our technical staff systematically revamped in order to apply our micro-app algorithms to elevate the efficiency and functions of the client management and maintenance in our Precision Marketing Business (for example, further improvement on the service fee settlement and credit period application services based on the analysis of the transaction data through our technology infrastructure layer). The support of our technology infrastructure layer would also enable us to gain more clarity and visibility on our clientele through the analysis of underlying data collected, and therefore to design and refine the combination and variety in our precision marketing solutions and service offering.

***B. Unified technical support will maximize efficiencies and economies of scale.***

From a technological support perspective, there is only one unified technical support service across our IDC Infrastructure Functions, our SaaS Business and the Precision Marketing Business in order to maximize efficiencies and economies of scale. The integration of technical support extends to the Precision Marketing Business as well, which is powered, maintained and further developed by our technology infrastructure layer (in particular, the cloud computing technology). Similar to the SaaS Business, the Group performs dual-system hot backup for all the data collected through its online advertisement solution services and online advertisement distribution services, which was necessarily maintained and technically supported by the same group of technical staff. As mentioned above, since the launch of our technology infrastructure layer in 2016, the Group regularly revamps it in order to elevate the functions of the cloud computing services and enhance its processing/storage capacities and data security protective measures, and in turn also optimise the efficiency in marketing effect and return and the content production of the Company's precision marketing solutions and services. While the Group continuously refines and upgrades the function and capabilities of

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our technology infrastructure layer, the Precision Marketing Business relies on such upgrades of our technology infrastructure layer in order to improve the variety and efficiency of our service offerings. This mutually symbiotic relationship between the Precision Marketing Business and the underpinning technology infrastructure layer reflects the complete integration of the Precision Marketing Business into our cloud computing infrastructure, this business segment enjoys full support from our proprietary technology and self-owned data centers. Therefore, it is technologically impossible to separate the Precision Marketing Business from our technology infrastructure layer (in particular, the cloud computing technology) without fundamentally changing our business models and operations, which might adversely affect our business operations and the quality of services offered.

***C. Separating the Group's Precision Marketing Business would fundamentally undermine the operation and offering of its precision marketing service solutions.***

Unlike certain other precision marketing service providers in the market, the Group's proprietary technology infrastructure layer underpins the competitive advantage of the Group's provision of Precision Marketing Business as well. Compared to public cloud offered by other cloud service providers, it enables the Group to leverage its cloud computing, data storage, IDC capabilities to provide efficient, and more refined precision marketing services, such as through better data protection of consumers, more precise customisation, and improved data analytic capabilities. According to Frost & Sullivan, proprietary technology infrastructure can provide the Group higher data security and privacy for its Precision Marketing Business as the Company had sole access to the virtualized resources, and also have higher control of its configuration and administration with little restrictions, which highlights the key competitive edge of the Group as compared to other industry peers and lays solid foundation for the Company's capabilities to offer services to wide spectrum of clients with various demands for data protection and privacy.

As noted above, the Company's business operating and client management system for Precision Marketing Business during the Track Record Period utilizes the cloud computing technology of the Group to cover the full life cycle of precision marketing services. As such, if public cloud was adopted as an intermediary to artificially segregate our Precision Marketing Business from the Group's proprietary technology infrastructure layer, such arrangement will impair the compatibility of the value-added features offered through the Group's built-in cloud-backed tools during the process of service offering, and therefore defeat the efficiency and stability in real-time transmission of the underlying data collected through the Company's precision marketing solutions and advertisement distribution back to the technology infrastructure layer for cloud computing and data analysis, and the Company will therefore not be able to generate real-time recommendation for upgrades and improvements on marketing effect. This would fundamentally damage the Group's competitive edge in the Precision Marketing Business.

On the above basis, the Precision Marketing Business has been highly integrated and correlated with the Group's technology infrastructure layer and it is technologically and commercially impracticable to artificially separate the Precision Marketing Business as a

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standalone service from the Group's technology infrastructure without fundamentally changing its business models and operations, which might result in a material adverse impact on our business operations and the quality of services offered. Further, on the basis that (i) as illustrated above, functions in the Group's precision marketing solutions (including built-in cloud-backed precision marketing tools developed and iterated on the Group's technology infrastructure layer) and the ICP filing services complementary to its overall Precision Marketing Business are offered as an integral part of the Group's precision marketing offerings and (ii) the Group's Precision Marketing Business is subject to contractual restrictions with its key business partners and major customers on separating from its technology infrastructure layer, the Precision Marketing Entities cannot therefore be separated from Shanghai Trueland, being the entity holding the IDC License.

In this regard, our PRC Legal Advisor conducted the 2021 Consultation with officer of the MIIT, during which the Company represented to the MIIT officer that Precision Marketing Business is highly integrated and correlated with the Group's IDC Infrastructure Functions offered and delivered through our Marketingforce platform and cannot be separated from the Company's cloud technology infrastructure; and in response, the relevant officer confirmed that they will defer to the Company to assess whether such businesses are highly integrated and correlated, and based on the Company's presentation, they have no objection to the Company's assessment. As advised by our PRC Legal Advisor, MIIT is the competent authority to address our inquiries in this regard above. Further, during the 2023 Consultation conducted by our PRC Legal Advisor, the Company represented that the Group's Precision Marketing Business contains the function of ICP filing-for-record and the related verification of filing information which needs to be conducted by a IDC License holder; and in response, the officer confirmed that (i) such Precision Marketing Business offered by the Group is subject to IDC License, and that (ii) the Precision Marketing Entities, being wholly owned subsidiaries of Shanghai Trueland, cannot be structurally separated from Shanghai Trueland, being the entity holding the IDC License, and may carry out Precision Marketing Business in practice.

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### Overview

Because foreign investment in certain areas of the industry in which we currently operate is subject to restrictions under current PRC laws and regulations as outlined above, we do not directly own any equity interest in our Consolidated Affiliated Entities.

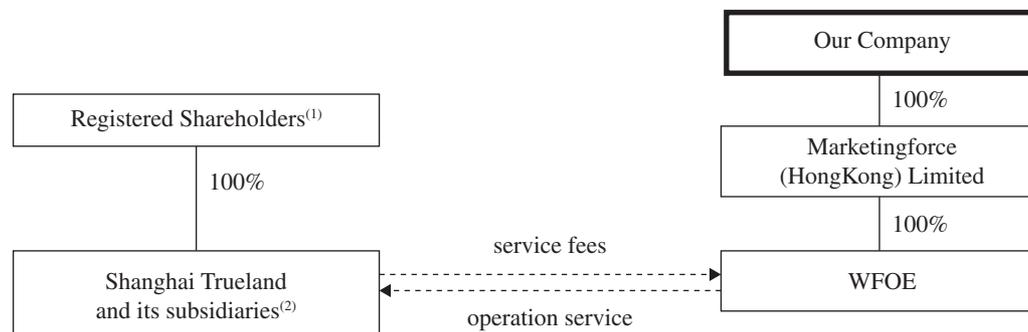
In view of the aforementioned PRC regulatory background as advised by our PRC Legal Advisor and verbal consultations mentioned above, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements.

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In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. Pursuant to the Reorganization, we acquired equity interests in entities whose businesses are not subject to foreign investment restrictions and entered into Contractual Arrangements between the WFOE, and Shanghai Trueland (which holds the remaining Consolidated Affiliated Entities) and the Registered Shareholders. The Contractual Arrangements allowed the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRS as if they were subsidiaries of our Group. Based on the above, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Our Directors believe that the Contractual Arrangement are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOE and our Consolidated Affiliated Entities; (ii) by entering into the exclusive business cooperation agreement with the WFOE, which is our wholly-owned subsidiary incorporated in PRC, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

The following simplified diagram illustrates the flow of economic benefits from Shanghai Trueland to our Group under the Contractual Arrangements:



————— denotes legal and beneficial ownership  
 - - - - - denotes contractual relationship under the Contractual Arrangements

*Notes:*

- (1) The Registered Shareholders of Shanghai Trueland are Mr. Zhao as to 39.85%, Ms. Zhu as to 33.70%, Shanghai Hongyu as to 10.87%, Ms. ZHAO Fangqi as to 8.70%, Shanghai Zhiyu as to 2.54%, Mr. TAN Kaihua as to 2.17%, Ms. XU Wenhua as to 1.60%, and Mr. GUO Peimin as to 0.57%.
- (2) Shanghai Trueland's subsidiaries, being:
  - Trueland Network, which is primarily engaged in the facilitation of transaction and data processing through the data middle platform to our technology infrastructure layer for the SaaS Business;
  - Shanghai Kaililong, Wuxi Kaililong, Guangzhou Kaililong, engaged in Precision Marketing Business;

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- Guangdong Trueland, Ningbo Trueland Information Technology Co., Ltd. (寧波珍島信息技術有限公司), Wenzhou Trueland Information Technology Co., Ltd. (溫州珍島信息技術有限公司), Suzhou Trueland Information Technology Co., Ltd. (蘇州珍島信息技術有限公司), Hangzhou Trueland Information Technology Co., Ltd. (杭州珍島信息技術有限公司), Shanghai Trueland Intelligence Technology Group Co., Ltd. (上海珍島智能技術集團有限公司), Trueland Digital, Hubei Trueland Digital Intelligent Technology Co., Ltd. (湖北省珍島數字智能科技有限公司), Dongchali, Jinhua Trueland Information Technology Co., Ltd. (金華市珍島信息技術有限公司), Zhongshan Trueland Information Technology Co., Ltd. (中山珍島信息技術有限公司), Chengdu Trueland, and Taizhou Trueland Information Technology Co., Ltd. (台州珍島信息技術有限公司), which are engaged in SaaS Business and intends to be engaged in sale of cloud computing solutions;
  - Wuxi Trueland, Wuxi Trueland Intelligence, engaged in both Precision Marketing Business and SaaS Business; and
  - Shanghai Kaililong Big Data Technology Group Co., Ltd. (上海凱麗隆大數據科技集團有限公司), being non-operating entity.
- (3) As of the Latest Practicable Date, Shanghai Trueland also holds 40% equity interest in Trueland Feizhi Enterprise Consulting (Shanghai) Co., Ltd. (珍島飛智企業諮詢(上海)有限公司), being a non-operating entity established in the PRC on February 2, 2024.

### **Circumstances under which we will unwind the Contractual Arrangements**

If the relevant business is no longer falling in the restrictions or certain conditions and permission of foreign investment access required under the applicable laws, and we can legally operate our business under PRC laws, regulations and policies, the WFOE will exercise the call option under the exclusive options agreement to acquire the equity interest/assets of the Consolidated Affiliated Entities and unwind the Contractual Arrangements subject to any application or approval procedures and the approval by the relevant governmental authorities.

### **Summary of the agreements under the Contractual Arrangement and other key terms thereunder**

A description of each of the specific agreements that comprise the Contractual Arrangement is set out below.

#### ***Exclusive Business Cooperation Agreement***

As part of the Contractual Arrangement, Shanghai Trueland and the WFOE have entered into the amended and restated exclusive business cooperation agreement (the “**Exclusive Business Cooperation Agreement**”), pursuant to which Shanghai Trueland have agreed to engage the WFOE as its exclusive services provider, providing services which may include all services within the business scope of Shanghai Trueland, as may be determined from time to time by WFOE, including technical services, information technology consultation service, software development, in exchange for service fees. Shanghai Trueland and WFOE agreed that during the term of the Exclusive Business Cooperation Agreement, they may enter into further technical service agreements or consulting service agreements, which shall provide the specific contents, manner, personnel, and fees for the specific technical services and consulting services.

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Under the Exclusive Business Cooperation Agreement, the service fees shall consist of 100% of the net income of Shanghai Trueland and its subsidiaries. Notwithstanding the foregoing, the WFOE may, at its sole discretion, adjust the rate of service fees based on the services rendered by Shanghai Trueland in each month and the operational needs of Shanghai Trueland through prior written notice, and Shanghai Trueland will accept any such adjustment. The WFOE will calculate the service fees on a monthly basis and issue a corresponding invoice to Shanghai Trueland. Notwithstanding the payment arrangements in the Exclusive Business Cooperation Agreement, WFOE may adjust the payment time and method, and Shanghai Trueland will accept any such adjustment. The service fees would be due and payable on a monthly basis. Shanghai Trueland would (a) deliver to the WFOE the management accounts and operating statistics of Shanghai Trueland for each month, including the net income of Shanghai Trueland and its subsidiaries during such month, and (b) pay 100% of such monthly net income, or other amount agreed by the WFOE, to the WFOE within 30 days after the end of each month. Shanghai Trueland shall (a) deliver to the WFOE audited consolidated financial statements of Shanghai Trueland for each fiscal year, which shall be audited and certified by an independent certified public accountant as selected and approved by the WFOE, and (b) pay an amount to the WFOE which equals to the shortfall, if any, of the net income of Shanghai Trueland and its subsidiaries for such fiscal year, as shown in such audited financial statements, as compared to the aggregate amount of the monthly payments paid by Shanghai Trueland to the WFOE in such fiscal year, within 90 days after the end of each fiscal year.

In addition, without the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreement, with respect to the services subject to the Exclusive Business Cooperation Agreement and other matters, Shanghai Trueland shall not accept any similar consultations and/or services provided by any third party and shall not establish similar corporation relationship with any third party similar to those formed by the Exclusive Business Cooperation Agreement with any third party.

The Exclusive Business Cooperation Agreement also provide that the WFOE has exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created or developed by the WFOE during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement remain in effect unless terminated by written notice from the WFOE. Shanghai Trueland shall not terminate the Exclusive Business Cooperation Agreement prior to its expiration date.

### *Exclusive Option Agreement*

As part of the Contractual Arrangements, the Registered Shareholders have entered into the amended and restated exclusive option agreements (the “**Exclusive Option Agreements**”) with Shanghai Trueland and WFOE, each of which contains similar terms and conditions. Pursuant to the Exclusive Option Agreements, the Registered Shareholders, jointly and severally, irrevocably granted the WFOE an irrevocable and exclusive option, exercisable in one or more times, to purchase or cause any person(s) designated by the WFOE to purchase,

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to the extent permitted under any applicable PRC laws, a portion of or all of the respective Registered Shareholders' equity interests in Shanghai Trueland, at any time and from time to time, for a consideration equals to, as applicable, the minimum amount of consideration permitted by applicable PRC laws. The consideration in relation to purchasing assets from Shanghai Trueland shall be the lowest price as permitted under the applicable PRC laws.

Shanghai Trueland and the Registered Shareholders, among other things, have covenanted that:

- (i) without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the articles of association and bylaws of Shanghai Trueland, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- (ii) they shall maintain Shanghai Trueland's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- (iii) without the prior written consent of the WFOE, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Shanghai Trueland or legal or beneficial interest in the business or revenues of Shanghai Trueland, or allow the encumbrance thereon of any security interest;
- (iv) without the prior written consent of the WFOE, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to the WFOE for which the WFOE's written consent has been obtained;
- (v) they shall always operate all of Shanghai Trueland's businesses during the ordinary course of business to maintain the asset value of Shanghai Trueland and refrain from any action/omission that may affect Shanghai Trueland's operating status and asset value;
- (vi) without the prior written consent of the WFOE, they shall not cause Shanghai Trueland to execute any major contract, except the contracts in the ordinary course of business (a contract with a value exceeding RMB5,000,000 shall be deemed a major contract);
- (vii) without the prior written consent of the WFOE, they shall not cause Shanghai Trueland to provide any person with any loan or credit;
- (viii) they shall provide the WFOE with information on Shanghai Trueland's business operations and financial condition at Shanghai Trueland's request;

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- (ix) if requested by the WFOE, they shall procure and maintain insurance in respect of Shanghai Trueland's assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- (x) without the prior written consent of the WFOE, they shall not cause or permit Shanghai Trueland to merge, consolidate with, acquire or invest in any person;
- (xi) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Shanghai Trueland's assets, business or revenue;
- (xii) to maintain the ownership by Shanghai Trueland of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- (xiii) without the prior written consent of the WFOE, they shall ensure that Shanghai Trueland shall not in any manner distribute dividends to its shareholders, provided that upon the WFOE's written request, Shanghai Trueland shall immediately distribute any or all distributable profits to its shareholders;
- (xiv) at the request of the WFOE, they shall appoint any persons designated by the WFOE as the director and/or executive director of Shanghai Trueland;
- (xv) without the prior written consent of the WFOE, they shall not engage in any business that competes with the WFOE or its affiliates; and
- (xvi) unless required by PRC law, Shanghai Trueland shall not be dissolved or liquidated without the WFOE's written consent.

In addition, the Registered Shareholders of Shanghai Trueland, among other things, have covenanted that:

- (i) without the prior written consent of the WFOE, they shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the shares in Shanghai Trueland held by them, or allow the encumbrance thereon of any security interest, except for the pledge placed on these shares in accordance with the Share Pledge Agreements;
- (ii) they shall cause the shareholders' meeting and/or the board of directors and/or executive director of Shanghai Trueland not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the shares in Shanghai Trueland held by them, or allow the encumbrance thereon of any security interest, without the prior written consent of the WFOE, except for the pledge placed on these shares in accordance with the Share Pledge Agreements;

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- (iii) they shall cause the shareholders' meeting or the board of directors and/or executive director of Shanghai Trueland not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of the WFOE;
- (iv) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the shares in Shanghai Trueland held by them;
- (v) they shall cause the shareholders' meeting or the board of directors and/or executive director of Shanghai Trueland to vote their approval of the transfer of the portion of shares to be purchased from them and to take any and all other actions that may be requested by the WFOE;
- (vi) to the extent necessary to maintain their ownership in Shanghai Trueland, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- (vii) they shall appoint any designee of the WFOE as the director and/or executive director of Shanghai Trueland, at the request of the WFOE;
- (viii) at the request of the WFOE at any time, they shall promptly and unconditionally transfer their shares in Shanghai Trueland to the WFOE's Designee(s) in accordance with the Exclusive Option Agreement, and the Shareholders hereby waive their rights of first refusal (if any) to the share transfer by the other existing shareholder of Shanghai Trueland (if any);
- (ix) if they receive any profit distribution, dividends or liquidation proceeds from Shanghai Trueland, the Shareholder shall promptly donate such profits, dividends and liquidation proceeds to the WFOE or any person designated by the WFOE in a manner permitted by PRC law; and
- (x) they shall strictly abide by the provisions of the Exclusive Option Agreement and other contracts jointly or separately executed by and among them, the WFOE and Shanghai Trueland, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that they have any remaining rights with respect to the shares subject to Exclusive Option Agreement hereunder or under the Share Pledge Agreements or under the Powers of Attorney granted in favor of the WFOE, they shall not exercise such rights except in accordance with the written instructions of the WFOE.

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The Registered Shareholders have also undertaken that, subject to the relevant laws and regulations, they will return to the WFOE any consideration they receive in the event that the WFOE exercise the options under the Exclusive Option Agreement to acquire the equity interests in Shanghai Trueland.

The Exclusive Option Agreement shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Shanghai Trueland have been transferred to the WFOE or its designee(s).

### *Share Pledge Agreements*

As part of the Contractual Arrangements, the respective Registered Shareholders have entered into the amended and restated share pledge agreements (the “**Share Pledge Agreements**”), with Shanghai Trueland and the WFOE, each of which contains similar terms and conditions. Pursuant to the Share Pledge Agreements, the Registered Shareholders agreed to pledge all their respective equity interests in Shanghai Trueland that they legally own to the WFOE as a first security interest to guarantee the timely and complete payment and performance of contractual obligations under the relevant Contractual Arrangements.

The Share Pledge Agreements came into effect upon completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders of Shanghai Trueland and Shanghai Trueland under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders of Shanghai Trueland and Shanghai Trueland under the relevant Contractual Arrangements have been paid. The share pledges under the Share Pledge Agreements have been duly registered with the relevant PRC authority pursuant to the relevant PRC laws.

Among other things, the Registered Shareholders have undertaken that without the WFOE’s prior written consent, they will not transfer their equity interests, place or permit the existence of any security interest or other encumbrance on their equity interests, or disposal of the equity interests in any other means, except for the performance of the Exclusive Option Agreement.

Upon the occurrence of an event of default (as defined in the Share Pledge Agreements), the WFOE may, at any time thereafter, serve a default notice to the Registered Shareholders, upon which the WFOE may exercise its right of pledge according to the Share Pledge Agreements, or otherwise dispose of the pledged equity interest in accordance with applicable Laws, unless the event of default has been resolved in the satisfactory of the WFOE within 20 working days after the default notice has been served. The WFOE may exercise such right of pledge based on its own independent judgement. The Registered Shareholders and Shanghai Trueland have covenanted to provide necessary assistance to the WFOE when the WFOE exercises such right of pledge. Shanghai Trueland shall have no obligation to the WFOE for any deficiency remaining after such disposition of the equity interests pledged.

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Under the Share Pledge Agreements, the Registered Shareholders have agreed that, without prior written consent of the WFOE, they will not transfer or dispose the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice the WFOE's interest.

As of the Latest Practicable Date, the registrations of the Share Pledge Agreements in relation to Shanghai Trueland had been completed.

### *Powers of Attorney*

Under the irrevocable powers of attorney executed by each of the Registered Shareholders on the same date (the "**Powers of Attorney**"), the Registered Shareholders have appointed WFOE and its designated persons (including but not limited to the directors of the holding companies of WFOE and their successors and the liquidators replacing such directors or successors, but excluding those who are non-independent or who may give rise to conflict of interests) as their agent and attorney to act on their behalf on all matters concerning Shanghai Trueland and to exercise all of their rights as a registered shareholder of Shanghai Trueland, including but not limited to: (i) the right to attend shareholders' meetings and sign resolutions on behalf of the relevant Registered Shareholder; (ii) the right to exercise all shareholder rights and shareholder voting rights under applicable PRC laws and the articles of association of Shanghai Trueland, including but not limited to the sale or transfer or pledge or disposition of the Registered Shareholders' respective shareholdings in part or in whole, and the right to submit any required documents to the relevant authorities; and (iii) the right to designate and appoint on behalf of the Registered Shareholders the legal representative, the executive director and/or director, supervisor, the chief executive officer and other senior management members of Shanghai Trueland.

Further, pursuant to the Powers of Attorney and to ensure that it does not give rise to a conflict of interest, each of the Registered Shareholders of Shanghai Trueland irrevocably undertakes that:

- (i) the authorisations under the Powers of Attorney will not lead to any potential conflict of interests between WFOE and the Registered Shareholders; and
- (ii) if any conflict of interest occurs during the performance of the Contractual Arrangements, WFOE's interest shall take priority.

The Powers of Attorney remain effective as long as the Registered Shareholders remain shareholders of the Shanghai Trueland, unless WFOE requests to replace the appointed designee under the Powers of Attorney.

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The articles of association of Shanghai Trueland state that the shareholders, in a shareholders' meeting, have the power to approve its operating strategy and investment plan, appoint the executive director, and review and approve the annual budget and earning distribution plan. Therefore, through the irrevocable power of attorney arrangement, our Company and WFOE, can exercise effective control over Shanghai Trueland through shareholder votes and, through such votes, to also control the composition of the board of directors for Shanghai Trueland.

### *Loan Agreements*

Under the amended and restated loan agreements have entered into by the WFOE and each of the Registered Shareholders (the "**Loan Agreements**"), the WFOE agreed to provide each Registered Shareholder a loan in an amount equivalent to the registered capital in Shanghai Trueland subscribed by such Registered Shareholder, to be used exclusively as investment in Shanghai Trueland. Specifically, once the lender receives a notice from the borrower requesting the provision of all or any part of the loan during the term of the loan agreement, the lender shall within one (1) month after receiving such notice provide that portion of loan to the borrower. After such Registered Shareholder obtains the loan proceeds from the WFOE, it shall use the loan proceeds solely for the capital contribution and for the working capital of Shanghai Trueland when Shanghai Trueland increases its registered capital, and shall pay the loan proceeds to Shanghai Trueland. The Loan Agreements provide sufficient safeguard against misappropriation of funds in the following respects: (1) they provide that the Registered Shareholders shall use the loan proceeds solely for the capital contribution or for the working capital of Shanghai Trueland; (2) without WFOE's prior written consent, the Registered Shareholders shall not use the loan proceeds for any other purpose; and (3) in case of breach of such contractual obligation, WFOE shall have the right to terminate Loan Agreements and require the Registered Shareholders to compensate all damages. As of the Latest Practicable Date, the borrower had not requested the provision of the loan and the lender had not provided the loan to the borrower. The loans must not be used for any other purposes without the WFOE's prior written consent.

The term of each loan shall be long term unless otherwise indicated by the lender. The loan shall terminate on the date the lender exercises its exclusive purchase option under the relevant Exclusive Option Agreement, or when certain defined termination events occurs, such as when the lender sends a written notice demanding repayment to the borrower, or upon the default of the borrower, whichever is earlier.

After the lender exercises its exclusive purchase option, the borrower shall repay the loan by and solely by transferring all of the borrower's equity interest in Shanghai Trueland pursuant to the Exclusive Option Agreement along with all the proceeds obtained from such share transfer to the lender or the lender's designated persons.

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### *Partners Undertaking*

Each of the partners (the “**Partners**”, including limited partners and general partners) of Shanghai Hongyu and Shanghai Zhiyu (the “**LPs**”), has signed an unconditional and irrevocable undertaking (the “**Partners Undertaking**”) to the effect, among others, that each of them undertakes:

- to procure the Partners to continuously comply with the Contractual Arrangements and will not initiate or adopt any claims which will contradict the Contractual Arrangements;
- their interests in Shanghai Trueland through the LPs are beneficially owned by the WFOE and he/she will not claim on such interests;
- without prior written consent of the WFOE or its designated person, he/she will not, and will procure the LPs not to, with the intend to impact the validity and stability of the Contractual Arrangements, amend the partnership agreement, partnership composition or dispose any interests in the LPs;
- to transfer his/her interests in the LPs to the designated person in accordance with the instruction of the WFOE or its designated person to the extent permissible by applicable laws, and to remit the consideration (if any) to the WFOE or its designated person;
- to procure the LPs not to raise any proposition or take any action against the Contractual Arrangements based on theirs shares in Shanghai Trueland;
- if the WFOE or any individual designated by it requires amendments on relevant items of the LPs in accordance with the Contractual Arrangements, to facilitate and accomplish such requirements as requested; and
- if he/she breaches any of the undertakings, to bear liability of such breach in the same way as a breaching party does under the Contractual Arrangements and compensate for losses.

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### *Spousal Consent Letters*

The spouse of each of the individual Registered Shareholder and the partners of Shanghai Hongyu and Shanghai Zhiyu, where applicable, have signed consent letters (the “**Spousal Consent Letters**”) to the effect, among others, that

- (i) confirmed and agreed that any equity interests (together with any other interests therein) held by their respective spouse as a Registered Shareholder or as a limited partners of the LPs, as the case may be, are separate properties of their spouse and do not fall within the scope of communal properties; their respective spouse and LPs are entitled to deal with the respective spouse’s equity interests and any interests therein in Shanghai Trueland in accordance with the Contractual Arrangements without the prior consent of them;
- (ii) confirmed that the respective spouse may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her;
- (iii) confirmed that the respective spouse will enter into all necessary documents and take all necessary actions to ensure the due performance of Contractual Arrangements as amended from time to time; and
- (iv) unconditionally and irrevocably waives any right or benefits on such equity interests and assets in accordance with applicable laws and confirms that he will not have any claim on such equity interests and assets; and he has not and does not intend to participate in the operation and management or other voting matters of Shanghai Trueland.

### **Other Key Terms Thereunder**

#### *Dispute Resolution*

In the event of any dispute with respect to the interpretation or performance of the provisions, each of the Exclusive Business Cooperation Agreement, Exclusive Option Agreement, Loan Agreements and Share Pledge Agreements stipulates:(a) in the event of any dispute arising under or in connection with the Contractual Arrangements, the parties thereto shall negotiate to settle the dispute; and (b) in the event of the parties failing to reach an agreement within 30 days after the relevant dispute arises, the relevant dispute shall be submitted to the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) in accordance with the then effective arbitration rules. The arbitration award shall be final and binding on all parties. Any party shall have the right to apply to courts with competent jurisdiction for enforcement of arbitration awards after the relevant arbitration award comes into effect. During the dispute settlement period, except for the matters in dispute, the parties shall continue to exercise their respective rights and perform their respective obligations under the Contractual Arrangements.

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The dispute resolution clause also provides that: (i) the tribunal may award remedies over the shares or assets of Shanghai Trueland, injunctive relief (*e.g.*, for the conduct of business or to compel the transfer of assets) or order the winding-up of Shanghai Trueland; and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of establishment of Shanghai Trueland and the place where the main assets of Shanghai Trueland are located) also have jurisdiction to grant interim remedies and/or enforce an arbitral award or interim remedies against the shares or properties of Shanghai Trueland.

However, our PRC Legal Advisor has advised that the tribunal normally would not grant such injunctive relief or order the winding up of Shanghai Trueland pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws.

As a result of the above, if Shanghai Trueland or the Registered Shareholder breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over Shanghai Trueland and conduct our business could be materially and adversely affected. See “Risk factors – Risks relating to Our Corporate Structure and Contractual Arrangements” for further details.

### ***Conflict of Interests***

Each of the Registered Shareholders has executed a Powers of Attorney, which addresses potential conflict of interests that may arise in connection with the Contractual Arrangements. See “Powers of Attorney” above.

### ***Succession***

The provisions set out in the Contractual Arrangements are also binding on the successors of the Relevant Individual Shareholders, as if the successors were signing parties to the Contractual Arrangements, save that the Loan Agreement is only binding on each of the Registered Shareholders. Pursuant to the Contractual Arrangements, each of the Registered Shareholders shall take all necessary actions to ensure that, save that the Loan Agreement is only binding on each of the Registered Shareholders, (i) his/her successors, guardians, and any other persons who may be entitled to assume rights and benefits in the equity interests of the Registered Shareholders in Shanghai Trueland upon his/her death, bankruptcy, loss of capacity (in respect of individuals) or any other circumstances that may affect his/her exercise of the shareholders’ rights in respect of Shanghai Trueland shall be deemed to be signatories of the Contractual Arrangements and assume all rights and obligations under the Contractual Arrangements if any of such circumstances occur; and (ii) the successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements, and the WFOE may enforce its rights against the successors.

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## CONTRACTUAL ARRANGEMENTS

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### *Loss Sharing*

Under the relevant PRC laws and regulations, none of our Company nor the WFOE is legally required to share the losses of, or provide financial support to, Shanghai Trueland. Further, Shanghai Trueland is a company limited by shares and shall be solely liable for its own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist Shanghai Trueland in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through Shanghai Trueland, which hold the requisite the PRC operational Licenses and approvals, and that their financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if Shanghai Trueland suffers losses.

However, as provided in the Exclusive Option Agreement, without the prior written consent of the WFOE, Shanghai Trueland shall not, among others: (a) sell, transfer, pledge or dispose of in any manner any of its assets; (b) create, succeed to, guarantee or permit any liability except (i) liabilities arising from the normal course of business, but not arising from loans; and (ii) liabilities disclosed to the WFOE and approved by the WFOE in writing; (c) provide loans or credit to any person (other than in the normal course of business); (d) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and (e) increase or reduce its registered capital, or alter the structure of the registered capital in any other way.

Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our Company in the event of any loss suffered from Shanghai Trueland can be limited to a certain extent.

### *Liquidation*

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the shareholders of Shanghai Trueland shall give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws.

### *Insurance*

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

### **Our Confirmation**

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through Shanghai Trueland under the Contractual Arrangements.

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## CONTRACTUAL ARRANGEMENTS

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### LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, we believe that the Contractual Arrangements are narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisors have advised that, all possible actions or steps taken to enable them to reach the following legal conclusions had been taken and upon execution of the Contractual Arrangements:

- (a) each agreement under the Contractual Arrangements is governed by PRC laws;
- (b) each agreement under the Contractual Arrangements is binding on the parties thereto and none of them would be void under the PRC Civil Code;
- (c) none of the Contractual Arrangements violates any provisions of the articles of association of Shanghai Trueland or our WFOE;
- (d) the execution, effectiveness, and the performance of the Contractual Arrangements are not subject to any approvals or authorizations from the PRC governmental authorities, except that:
  - (1) the exercise of the option by our WFOE of their rights under the Exclusive Option Agreement to acquire all or part of the equity interests in Shanghai Trueland are subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
  - (2) any share pledge contemplated under the Share Pledge Agreements are subject to the registration with competent administration bureau for market regulation;
  - (3) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and
- (e) each agreement under the Contractual Arrangements is valid, legal and binding under PRC laws, except in relation to the dispute resolution clause and liquidation or dissolution clause under these agreements. (1) These agreements provide that any dispute shall be submitted to the Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) for arbitration, in accordance with the then effective arbitration rules. They also provide that the arbitrator may award interim remedies over the shares or assets of Shanghai Trueland or injunctive relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding-up of Shanghai Trueland; and the courts of Hong Kong, the Cayman Islands and the PRC also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies. However, our PRC Legal Advisor has advised that the tribunal normally would not grant such injunctive relief or order the winding-up of Shanghai Trueland pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable under the current PRC laws. (2) The Contractual Arrangements

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## **CONTRACTUAL ARRANGEMENTS**

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provide that in case of a liquidation or dissolution of Shanghai Trueland, Shanghai Trueland shall, to the extent permitted by the PRC laws, appoint the personnel recommended by our WFOE to form a liquidation team to manage the property of Shanghai Trueland and its subsidiaries and branches. However, this provision does not apply in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation.

Our PRC Legal Advisor also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations and accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion. See “Risk Factors – Risks relating to our Corporate Structure and Contractual Arrangements – If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities” and “Risk Factors – Risks relating to Our Corporate Structure and Contractual Arrangements – We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.”

Nevertheless, based on the above analysis and above advice, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations, and except for the relevant clauses as described in the paragraph headed “Dispute Resolution” in this section, each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations.

### **DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT**

#### **Background of the Foreign Investment Law**

On March 15, 2019, the National People’s Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign-Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements. As advised by our PRC Legal Advisor, if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “Contractual Arrangements – Legality of the Contractual Arrangements.”

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## CONTRACTUAL ARRANGEMENTS

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### **Impact and consequences of the Foreign Investment Law**

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of Shanghai Trueland, by the WFOE, through which we operate our business in the PRC. The Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of Shanghai Trueland will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk factors – Risks relating to our Corporate Structure and Contractual Arrangements – Our current corporate structure and business operations may be affected by the Foreign Investment Law.”

### **Filings and Approvals from PRC Governmental Authorities**

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

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

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## CONTRACTUAL ARRANGEMENTS

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

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

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## **CONTRACTUAL ARRANGEMENTS**

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Based on the foregoing, if prior to the effective date of the Overseas Listing Trial Measures, the domestic enterprises have a valid overseas listing application and have not received the consent of the overseas regulator or overseas stock exchange, they may reasonably arrange the timing of filing the application and should complete the filing before the overseas offering and listing.

We submitted the required filing documents to the CSRC on April 24, 2023, and obtained the Record-filing Notice of Overseas Offering and Listing on February 7, 2024.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors – Risks relating to our Corporate Structure and Contractual Arrangements.”

### **COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS**

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (d) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and Shanghai Trueland to deal with specific issues or matters arising from the Contractual Arrangements.

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## CONTRACTUAL ARRANGEMENTS

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### ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by the WFOE, Shanghai Trueland shall pay service fees to the WFOE. The service fee shall equal Shanghai Trueland's service fees shall consist of 100% of the net income of Shanghai Trueland. The WFOE has the right to periodically receive or inspect the accounts of Shanghai Trueland.

In addition, under the Exclusive Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders as the WFOE's prior written consent is required before any distribution can be made. If the Registered Shareholders receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the service fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to the WFOE or any other person designated by the WFOE to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between the WFOE, Shanghai Trueland and the Registered Shareholders, the WFOE can effectively control, recognize and receive substantially all the economic benefit of the business and operations of Shanghai Trueland. Accordingly, Shanghai Trueland are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of Shanghai Trueland is disclosed in Note 2.2(b) to the Accountant's Report set out in Appendix I to this prospectus.

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## CONNECTED TRANSACTIONS

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Upon Listing, transactions between members of our Group and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

### SUMMARY OF OUR CONNECTED TRANSACTIONS

The table below sets out a summary of transactions which will constitute connected transactions upon Listing:

No. connected transactions	Applicable rules	Waivers sought	Annual caps for the three years ending December 31, 2023, 2024 and 2025 (RMB in thousands)
<b>Fully exempt connected transaction</b>			
1. Financial Assistance from Mr. LIU Huan	14A.90	N/A	N/A
<b>Non-exempt continuing connected transaction</b>			
2. Contractual Arrangements	14A.34-36, 14A.49, 14A.52-53, 14A.59, 14A.105	Requirements as to announcement, circular, shareholders' approval, terms not exceeding three years and annual caps under Chapter 14A of the Listing Rules	N/A

### FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

#### Financial assistance received by Shanghai Trueland from Mr. LIU Huan

##### *Background*

Mr. LIU Huan and/or his associates provided certain guarantees to independent commercial banks for facilities granted to Shanghai Trueland for an aggregate amount of RMB205 million (the “**Financial Assistance from Mr. LIU Huan**”) as of the Latest Practicable Date, which will subsist following the completion of the Global Offering, and are expected to be released in full by January 2025. As the Financial Assistance from Mr. LIU Huan is primarily used to supplement the daily working capital of precision marketing services business, Mr. LIU Huan, as a senior manager who joined Shanghai Trueland in 2012 and is currently the person in charge of the precision marketing services of our Group, voluntarily provided the Financial Assistant from Mr. LIU Huan together with other member companies in

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## CONNECTED TRANSACTIONS

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our Group to better support the Company's development. Financial Assistance from Mr. LIU Huan has provided us with additional financing support as the commercial banks required individual guarantees for the bank loans and we do not intend to discharge the guarantee under Financial Assistance from Mr. LIU Huan prior to its full redemption or repayment for the following reasons: (i) Financial Assistance from Mr. LIU Huan is a commercial arrangement beneficial to our Company, which provided our Group with additional flexibility in forms of security available for our bank facilities, most of which are credit facilities requiring personal guarantees from our senior management; (ii) Financial Assistance from Mr. LIU Huan would help the Company get better conditions for its bank facilities compared with normal commercial terms, e.g., lower interest rates; and (iii) it would be unduly burdensome or commercially undesirable to release all guarantee under the Financial Assistance from Mr. LIU Huan as it would incur unnecessary additional costs, expenses and time. According to Frost & Sullivan, the industry consultant of the Company, it is not uncommon for commercial banks in the PRC to require one of (instead of all) the senior management who is not a controlling shareholder of a corporate entity to provide guarantees in addition to the guarantees provided by a corporate entity in relation to the loan to be obtained by a corporate entity while not requiring the controlling shareholder to be a joint guarantor.

Mr. LIU Huan and/or his associates have not and will not receive any form of consideration from our Group for Financial Assistance from Mr. LIU Huan. As of the Latest Practicable Date, Mr. LIU Huan was a limited partner and held 14.32% interest in Shanghai Hongyu, the Group's employee stock ownership platform and one of the Registered Shareholders, and 14.32% equity interest in Shanghai Hongyu Limited, a Shareholder of our Company. For details of the historical loans by Mr. LIU Huan to the Group and the amount of guarantees provided by Mr. LIU Huan and/or his associates in favour of the Group, see "Financial Information – Related Party Transactions" and Note 34 to the Accountants' Report in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, save for their relationship as co-workers within the Group, there is no any other previous or present relationship (family, business, financing, employment) between Mr. LIU Huan and the Controlling Shareholders or founder of the Group.

### ***Listing Rules Implications***

Mr. LIU Huan is a director of certain Consolidated Affiliated Entities, and therefore our connected person under the Listing Rules. The provision of the Financial Assistance by Mr. LIU Huan will constitute financial assistance in favor of our Group, and will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules upon the Listing.

Since Financial Assistance by Mr. LIU Huan received by our Group is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of our Group, it constitutes continuing connected transactions under Rule 14A.90 of the Listing Rules, which are fully exempted from shareholders' approval, annual review and all disclosure requirements applicable under Chapter 14A of the Listing Rules. Our Directors (including our independent

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## CONNECTED TRANSACTIONS

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non-executive Directors) have confirmed that the transactions contemplated under Financial Assistance by Mr. LIU Huan received by our Group are in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Contractual Arrangements

##### *Background*

As disclosed in the section headed “Contractual Arrangements” in this prospectus, due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities which are held by the Registered Shareholders. The Contractual Arrangements among WFOE, Shanghai Trueland and the Registered Shareholders of Shanghai Trueland enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by WFOE to Shanghai Trueland; (ii) exercise effective control over our Consolidated Affiliated Entities through Shanghai Trueland; and (iii) hold an exclusive option to purchase all or part of the equity interests in Shanghai Trueland when and to the extent permitted by PRC laws.

See the section headed “Contractual Arrangements” in this prospectus for detailed terms of the Contractual Arrangements.

##### *Listing Rules Implications*

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as four of the parties to the Contractual Arrangements, namely Mr. Zhao, Ms. ZHAO Fangqi, Ms. Zhu and Shanghai Hongyu, are connected persons. Mr. Zhao and Ms. ZHAO Fangqi are the Directors. Ms. Zhu is the spouse of Mr. Zhao, one of our Directors, and is therefore an associate of Mr. Zhao. Shanghai Hongyu is owned as 39.41% by Mr. XU Jiankang, one of our Directors, and is therefore an associate of Mr. XU Jiankang.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group’s legal structure and business, that such transactions have been and will be entered into in our Group’s ordinary and usual course of business, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by Shanghai Trueland and any member of our Group (“**New Intergroup Agreements**” and each of them, a “**New**

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## CONNECTED TRANSACTIONS

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**Intergroup Agreement**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent shareholders’ approval requirements.

### INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreements for the connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we have adopted the following internal control procedures:

- We have adopted and implemented a management system on connected transactions. Under such system, the Audit Committee under the Board is responsible for the review on compliance with relevant laws, regulations, the Company’s policies and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under agreements for the connected transactions, in particular, the fairness of the pricing policies under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of the Company also regularly monitor the fulfillment status and the transaction updates under the relevant agreements. In addition, the management of the Company also regularly reviews the pricing policies of the relevant agreements;
- our independent non-executive Directors and auditors will conduct the annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the connected transactions are conducted in accordance with the terms of the agreements, on normal commercial terms, in accordance with the pricing policy, are fair and reasonable and in the interests of the Shareholders as a whole; and
- when considering products fees and other fees (if applicable) provided by us to the connected persons and we will charge the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

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## CONNECTED TRANSACTIONS

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### WAIVER GRANTED BY THE STOCK EXCHANGE

#### **Contractual Arrangements**

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

***(a) No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements (including with respect to any fees payable to WFOE thereunder) will be made without the approval of our independent non-executive Directors.

***(b) No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

***(c) Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to WFOE by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

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## CONNECTED TRANSACTIONS

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***(d) Renewal and reproduction***

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has a direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

***(e) Ongoing reporting and approvals***

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- the independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Company and our Shareholders as a whole.

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## CONNECTED TRANSACTIONS

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- our Company’s auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, our Consolidated Affiliated Entities will be treated as our Company’s subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.
- our Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group’s management and our Company’s auditor full access to its relevant records for the purpose of our Company’s auditor’s review of the connected transactions.
- in addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with (i) the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated in any New Intergroup Agreements (as defined above), (ii) the requirement of setting an annual cap for the fees payable by/to any member of our Group to/from our Consolidated Affiliated Entities in any New Intergroup Agreements, and (iii) the requirement to limit the term of any New Intergroup Agreement to three years or less, for so long as the Shares are listed on the Stock Exchange. The waiver is subject to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be treated as our Company’s subsidiaries, but their directors, chief executives or substantial shareholders of the consolidated affiliated entities and its associates will be treated as connected persons of our Company (excluding for this purpose, our consolidated affiliated entities), and transactions between these connected persons and our Group (including for this purpose, our Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

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## CONNECTED TRANSACTIONS

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### CONFIRMATION BY DIRECTORS

The Directors (including independent non-executive Directors) are of the view that the Contractual Arrangements, financial assistance received by Shanghai Trueland from connected person, and the transactions contemplated therein have been entered into and will be entered into during our ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors are of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

### JOINT SPONSORS' CONFIRMATION

The Joint Sponsors are of the view that the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole. With respect to the term of the relevant agreements underlying the Contractual Arrangements which are of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (i) the financial and operation of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, or on an uninterrupted basis.

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## DIRECTORS AND SENIOR MANAGEMENT

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### DIRECTORS

Upon Listing, our Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The following table provides certain information about our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
<b>Executive Directors</b>						
Mr. ZHAO Xulong <sup>(1)</sup> (趙緒龍)	46	Chairman of the Board, executive Director and chief executive officer	September 2009	February 23, 2021	Overseeing the overall management, the formulation of business plans, strategies and major decisions of our Group through the Board	Sibling of Ms. ZHAO Fangqi
Mr. XU Jiankang (許健康)	38	Executive Director and senior vice president	September 2009	November 14, 2022	Responsible for the building up of nationwide direct selling and channel business system of Marketingforce platform	None
<b>Non-executive Directors</b>						
Ms. ZHAO Fangqi (趙芳琪)	54	Non-executive Director	September 2017	February 23, 2021	Responsible for providing strategic advice on the overall development of our Group	Sibling of Mr. ZHAO Xulong

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Mr. HUANG Shaodong (黃少東)	35	Non-executive Director	April 25, 2022	April 25, 2022	Responsible for providing strategic advice on the overall development of our Group	None
<b>Independent non-executive Directors</b>						
Mr. YANG Tao (楊濤)	53	Independent non-executive Director	September 10, 2017	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None
Mr. QIN Ci (秦慈)	48	Independent non-executive Director	May 28, 2019	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None
Mr. CHEN Chen (陳晨)	43	Independent non-executive Director	November 14, 2022	November 14, 2022 <sup>(2)</sup>	Supervising and offering independent judgment to the Board	None

*Notes:*

- (1) Mr. Zhao is also known by his alias name Zhao Xulong (趙旭隆).
- (2) Our independent non-executive Directors were appointed on November 14, 2022 and their appointments will take effect from the date of this prospectus.

Save as disclosed above, none of our Directors and members of senior management are related to other Directors or members of senior management.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Executive Directors

**Mr. ZHAO Xulong (趙緒龍)**, also known by his alias name Zhao Xulong (趙旭隆), aged 46, is the founder of our Group and has been an executive Director and the chief executive officer of our Company since February 23, 2021, and the chairman of the board and the chief executive officer of Shanghai Trueland since September 10, 2017, and September 15, 2009, respectively. Mr. Zhao has been appointed as the chairman of the Board of our Company on November 14, 2022. Mr. Zhao currently also holds positions at various subsidiaries within the Group, including as an executive director of Marketingforce (HongKong) Limited, Marketingforce Network, and Shanghai Tianbei, a director of AMERICAN KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED and KAILILONG INTERNATIONAL HOLDING (H.K.) LIMITED and as a supervisor of Wuxi Trueland and Guangdong Trueland. He has over 14 years of experience in management. Mr. Zhao has been leading the Group's business since its establishment, and is primarily responsible for making strategic and pivotal decisions of the Group, including the overall development, strategic direction, business management, innovation, and research and development, etc. Prior to founding our Group, as confirmed by Mr. Zhao, he had been actively exploring start-up initiatives and worked at Shanghai Trueland Industrial Co., Ltd. (上海珍島實業有限公司) (“**Trueland Industrial**”, being a company principally engaged in the traditional trading business of general merchandise, the business of which was irrelevant to the principal business of the Group) from 2006 to 2009, primarily responsible for sales.

In recognition of his innovation, entrepreneurship and contributions, Mr. Zhao has received numerous awards and recognitions, including “the Digitalization Promoter of the Year 2021” (2021年度數字化推動力人物) at International Sci-Tech Innovation Festival (國際科創節) in 2021, “Chief Scientist of Enterprises in the Research Field of Intelligent Marketing Cloud Platform of the Year 2021” (2021智能營銷雲平台研究領域企業首席科學家) by China Scientist Forum (中國科學家論壇) in 2021, “Top Ten Outstanding People for Brand Power of the Year 2021” (2021品牌強國十大傑出人物) by China-Asia Economic Development Association Brand Management Professional Committee (中國亞洲經濟發展協會品牌管理專業委員會) in 2021, and “Top Cloud Connect Awards – Influential Person in the Cloud Computing Industry of China for the year 2019-2020” (2019-2020年度雲鼎獎 – 中國雲計算行業影響力人物獎) at Cloud Connect China 2020 (2020全球雲計算大會 – 中國站).

Mr. Zhao received his bachelor's degree in mechanical engineering and automation from Donghua University (東華大學) in the PRC in June 2001.

**Mr. XU Jiankang (許健康)**, aged 38, has been an executive Director since November 14, 2022, and a senior vice president of our Company since February 23, 2021. Mr. Xu has held several positions in Shanghai Trueland since September 2009 with his current position as a senior vice president (高級副總裁) since April 16, 2020. Mr. Xu currently also holds several positions at various subsidiaries within the Group, including as an executive director of Shanghai Trueland Intelligence Technology Group Co., Ltd., Ningbo Trueland Information Technology Co., Ltd., Taizhou Trueland Information Technology Co., Ltd. and Jinhua Trueland Information Technology Co., Ltd., as a supervisor of Trueland Network, Wenzhou Trueland Information Technology Co., Ltd., Zhongshan Trueland Information Technology Co., Ltd., and Hangzhou Trueland Information Technology Co., Ltd.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Xu has over 14 years of experience of providing Internet services to enterprises. He successively served as a sales director (銷售總監) and vice president of Shanghai Trueland from September 2009 to April 2020. Since joining Shanghai Trueland, Mr. Xu has been focusing on innovation, implementation, and integration in the field of digital marketing. He has led his team to conduct industry research in East China, South China, and Southwest China to accurately understand the pain points of enterprises in their process of business operation, especially the needs for customer acquisition, being one of the most urgent problems for enterprises to solve.

Mr. Xu received his bachelor's degrees in human resource management (by correspondence course) from East China Normal University (華東師範大學) in the PRC in December 2018.

### Non-executive Directors

**Ms. ZHAO Fangqi (趙芳琪)**, aged 54, has been a non-executive Director of our Company since February 23, 2021, and a non-executive director of Shanghai Trueland since September 10, 2017. She has over 22 years of experience in selling practice. Ms. Zhao served as sales personnel at Shanghai Zhongxi Pharmaceutical Co., Ltd. (上海中西製藥有限公司), from December 2006 to December 2009. She then worked as the regional sales manager (區域負責人) of Ningbo Lansen MEDICINE Co., Ltd. (寧波朗生醫藥有限公司) from March 2010 to January 2018. Ms. Zhao served as a deputy general manager of Sinopharm Group Xing'an League Co., Ltd. (國藥控股興安盟有限公司) from December 2018 to April 2021, and the general manager of Inner Mongolia Xinpinchuangshuo Medical Devices Co., Ltd. (內蒙古鑫頻創碩醫療器械有限公司) from January 2018 to October 2021.

Ms. Zhao received her bachelor's degree in Chinese language and literature from Shijiazhuang Tiedao University ((石家莊鐵道大學), formerly known as Shijiazhuang Tiedao College (石家莊鐵道學院)) in July 1995.

Ms. Zhao was a supervisor of Trueland Industrial at the time of revocation of its business license in October 2016. Trueland Industrial was deregistered on April 24, 2018. As confirmed by Ms. Zhao, to the best of her knowledge, information and belief and having made all reasonable enquiries, the business license of Trueland Industrial was revoked as Trueland Industrial was inactive with no substantial business operation. As confirmed by Ms. Zhao, (i) Trueland Industrial was inactive and solvent at the time when its business license was revoked; (ii) there was no wrongful act on her part leading to the revocation of business license; and (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of such revocation of business license. Ms. Zhao was a director of Chifeng Aopai Medical Equipment Trading Co., Ltd. (赤峰奧派醫療器械商貿有限責任公司, "Chifeng Aopai", the business of which was medical equipment trading and irrelevant to the principal business of the Group) at the time of revocation of its business license. Chifeng Aopai was deregistered on September 17, 2015. As confirmed by Ms. Zhao, to the best of her knowledge, information and belief and having made all reasonable enquiries, the business license of Chifeng Aopai was revoked as Chifeng Aopai had ceased business and had not conducted the annual inspection. As confirmed by Ms. Zhao, (i) Chifeng Aopai was inactive

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## DIRECTORS AND SENIOR MANAGEMENT

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and solvent at the time when its business license was revoked; (ii) there was no wrongful act on her part leading to the revocation of business license; and (iii) she is not aware of any actual or potential claim that has been or will be made against her as a result of such revocation of business license.

**Mr. HUANG Shaodong (黃少東)**, aged 35, has been a non-executive Director of our Company since April 25, 2022. Mr. Huang has more than 12 years of experience in financing and investment in domestic and overseas capital markets. Mr. Huang served as an analyst in capital markets department at China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2011 to December 2013, and as an associate in the investment banking division of Goldman Sachs Gao Hua Securities Company Limited (高盛高華證券有限責任公司) from December 2013 to May 2015. Currently, Mr. Huang served as a director, a deputy general manager, and a fund manager at Beijing Lianchuang North Beta Investment Holding Co., Ltd. (北京聯創北拓投資控股股份有限公司) since June 2015, as the general manager and a director of Tianjin Zhengdao North Beta Consulting Co., Ltd. (天津正道北拓諮詢股份有限公司) since December 2017, and a director of North Beta International Securities Limited (北拓國際證券有限公司) since October 2019. In addition, Mr. Huang served as a supervisor of BCE Engineering Co., Ltd. (北京百特萊德工程技術股份有限公司) since June 2016.

Mr. Huang served as the responsible officer of North Beta International Securities Limited (北拓國際證券有限公司), a company licensed by the SFC to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) of the regulated activities as defined under the SFO since September 17, 2020. Mr. Huang was named in the “2018 Forbes China 30 under 30 List in the field of Finance” (福布斯中國30位30歲以下財務和金融行業精英榜).

Mr. Huang received his bachelor of economics degree in finance from Yuanpei College, Peking University (北京大學元培學院) in July 2011. Mr. Huang was admitted to the BRI Finance EMBA Program (一帶一路金融EMBA項目) in Tsinghua University PBC School of Finance (清華大學五道口金融學院) in June 2022, and is in the process of pursuing his master’s degree in business administration.

### Independent non-executive Directors

**Mr. YANG Tao (楊濤)**, aged 53, has been an independent non-executive Director since November 14, 2022. He also served as an independent director of Shanghai Trueland from September 2017 to July 2022. Given that Mr. Yang served as an independent director of Shanghai Trueland and was not involved in the daily management of Shanghai Trueland, the Board is of the view that the directorship held by Mr. Yang in Shanghai Trueland would not give rise to any material independence issue under Rule 3.13(7) of the Listing Rules. Mr. Yang has over 28 years of experience in the electronic commerce industry. Mr. Yang taught and conducted research in the area of electronic commerce at Donghua University since his graduation as a bachelor in July 1995. Mr. Yang served in various departments of Donghua University, including Human Resources office from July 1995 to August 1999, Development Planning Office from September 1999 to February 2002 and School of Continuing Education since March 2002. He obtained his title as Assistant Researcher (助理研究員) from Donghua University in September 2000.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Yang received his bachelor's degree in computer and application (計算機及應用) in July 1995 and his master's degree in management science and engineering (管理科學與工程專業) in March 2004, respectively, from Donghua University in the PRC.

**Mr. QIN Ci (秦慈)**, aged 48, has been an independent non-executive Director since November 14, 2022. He also served as an independent director of Shanghai Trueland from May 2019 to July 2022. Given that Mr. Qin served as an independent director of Shanghai Trueland and was not involved in the daily management of Shanghai Trueland, the Board is of the view that the directorship held by Mr. Qin in Shanghai Trueland would not give rise to any material independence issue under Rule 3.13(7) of the Listing Rules.

Mr. Qin has over 13 years of experience in the investment and financing industry. Mr. Qin worked in investment banking department of China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601881.SH) from October 2010 to 2011. He subsequently worked in investment banking department of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211.SH) from October 2011 to 2015. He then worked in investment banking department of Great Wall Glory Securities Co., Ltd. (長城國瑞證券有限公司) from August 2015 to March 2019. Mr. Qin held several positions in Ningbo KBE Electrical Technology Co., Ltd. (寧波卡倍億電氣技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300863) since October 2020, where he serves as a deputy general manager since May 2021, and then concurrently as the secretary of the board since August 2021.

Mr. Qin received his bachelor's degree in information management system in July 1997 and subsequently his master's degree in investment economics in January 2000 from Shanghai University of Finance and Economics (上海財經大學) in the PRC.

**Mr. CHEN Chen (陳晨)**, aged 43, has been an independent non-executive Director since November 14, 2022. He has over 21 years of experience in audit and consulting practice. Mr. Chen held several positions in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2002 to April 2018 with his last position serving as the auditing partner (審計合夥人) of Deloitte Touche Tohmatsu Certified Public Accountants LLP from June 2014 to April 2018. He then served as the chief financial officer of Yunji Inc., a company listed on NASDAQ (NASDAQ: YJ) from May 2018 to December 2020. Mr. Chen has acted as an independent director and the chairman of the audit committee of Q&K International Group Limited, a company listed on NASDAQ (NASDAQ: QK) since November 2019. He has also been the chief financial officer since January 2021 and a director since May 2021 of ATRenew Inc., a company listed on NYSE (NYSE: RERE). Besides, Mr. Chen has served as an independent non-executive director, since December 2021, of Zhou Hei Ya International Holdings Company Limited, a company listed on Hong Kong Stock Exchange (stock code: 1458), and an independent non-executive director of Yunji Inc. since January 2024.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Chen received his bachelor's degree in international shipping business (國際航運) from Shanghai Jiao Tong University in July 2002. He has been a member of China Institute of Certified Public Accountants (CICPA) since 2005.

Save as disclosed above, none of our Directors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

None of our Directors have any interests in any businesses, other than our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

### SENIOR MANAGEMENT

The senior management of our Company is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. ZHAO Xulong (趙緒龍)	46	Chairman of the Board, executive Director and the chief executive officer	September 2009	February 23, 2021	Overseeing the overall management, the formulation of business plans, strategies and major decisions of our Group through the Board	Sibling of Ms. ZHAO Fangqi
Mr. XU Jiankang (許健康)	38	Executive Director and senior vice president	September 2009	February 23, 2021	Responsible for the nationwide building up of direct selling and Marketingforce platform	None

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. LIU Huan (劉歡)	44	Senior vice president, joint company secretary	April 2012	February 23, 2021	Overseeing the overall planning and operation of the precision marketing services of our Group	None
Mr. WANG Shiyi (王士義)	35	Vice president	September 2009	February 23, 2021	Overseeing the systematic construction, product planning and architecture design by the research and development center of our Group	None
Mr. CHEN Hailin (陳海林)	46	Chief technical officer	March 2014	January 15, 2024	Overseeing the overall management of product development and project administration, participating in the formulation of long-term technology development strategies, and managing team organization and talent training of our Group	None
Mr. MA Jin (馬進)	37	Chief financial officer	April 2021	April 22, 2021	Responsible for the overall financial management of our Group	None

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. ZHAO Xulong (趙緒龍)**, is the chairman of the Board, an executive Director and the chief executive officer of our Company. See “– Directors” in this section for his biographical details.

**Mr. XU Jiankang (許健康)**, is an executive Director and a senior vice president of our Company. See “– Directors” in this section for his biographical details.

**Mr. LIU Huan (劉歡)**, aged 44, has been a senior vice president of our Company since February 23, 2021, and was appointed as the joint company secretary of our Company on November 14, 2022 with his appointment taking effect on November 21, 2022. Mr. Liu joined Shanghai Trueland in April 2012, where he currently served as a senior vice president since April 1, 2021. Mr. Liu currently also holds several positions at various subsidiaries within the Group, including as an executive director of Shanghai Kaililong Big Data Technology Group Co., Ltd., and Shanghai Kaililong, and as a supervisor of Marketingforce Network, Shanghai Tianbei, and Kaililong (Guangzhou) Information Technology Co., Ltd. He has over 21 years of experience in marketing industry. Before joining the Group, Mr. Liu worked as the head of professional marketing department (專業市場部經理) of Shenzhen Haojiating Industrial Co., Ltd. (深圳市好家庭實業有限公司) from September 2002 to April 2007. He subsequently served as the vice president (副總裁) of Shanghai Fuchen Information Technology Co., Ltd. (上海弗臣信息技術有限公司) from October 2009 to March 2012.

Mr. Liu received his bachelor’s degree in physical education from Inner Mongolia Normal University (內蒙古師範大學) in the PRC in July 2002 and his executive master of business administration degree from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2016.

**Mr. WANG Shiyi (王士義)**, aged 35, is currently a vice president of our Company. Mr. Wang joined Shanghai Trueland in September 2009, and now serves as a vice president and an executive director of Shanghai Trueland since September 2, 2022, and June 20, 2022, respectively. Mr. Wang currently also holds several positions at various subsidiaries within the Group, including as an executive director of Trueland Network, an executive director and the general manager of Trueland Digital, and a supervisor of Shanghai Trueland Intelligence Technology Group Co., Ltd. and Suzhou Trueland Information Technology Co., Ltd.

Mr. Wang has over 14 years of experience in the design, research, development and architecture of web products. Since joining Shanghai Trueland in 2009, Mr. Wang has successively served as the person in charge of Shanghai Trueland’s product, research, development, and innovation business. He has been working closely to meet the Company’s business development needs, and now focusing on expanding the strategic relationship with the Group’s major customers.

Mr. Wang received his bachelor’s degree in public relations from East China Normal University in the PRC in September 2021.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. CHEN Hailin (陳海林)**, aged 46, has been the chief technical officer of our Company since January 15, 2024, and the assistant to chief data officer of Shanghai Trueland since April 11, 2022. He has over 11 years of experience in the research and development of web products. Mr. Chen worked for Shanghai Pactera Technology Limited (上海文思海輝信息技術有限公司) from January 2013 to March 2013. From April 2013 to February 2014, Mr. Chen worked for Shanghai Tianting Information Technology Co. (上海天聽信息科技有限公司). He then worked successively at Shanghai Trueland as the chief technical officer from March 2014 to January 2019 and director of product development from February 2019 to April 2022.

Mr. Chen has received several awards and recognitions. His project named Distributed Database System Supporting Internet-Class Key Core Businesses (《支持互聯網級關鍵核心業務的分佈式數據庫系統》) won the Second Prize of National Scientific and Technological Progress (國家科技進步二等獎) in 2019. His project named Data Platform for Enterprise Precision Marketing Services and Its Key Technology (《面向企業精準營銷服務的數據平台及其關鍵技術》) won the First Prize of Shanghai Scientific and Technological Progress (上海市科技進步一等獎) in 2020.

Mr. Chen obtained his bachelor's degree in mechanical engineering and automation from Donghua University in the PRC in July 2001.

**Mr. MA Jin (馬進)**, aged 37, has been the chief financial officer of our Company since April 22, 2021, and the chief financial officer, and an executive director of Shanghai Trueland since April 22, 2021, and June 20, 2022, respectively. He has over 11 years of experience in investment and finance. Mr. Ma held several positions within Goldman Sachs Gao Hua Securities Co., Ltd. (高盛高華證券有限責任公司) from July 2012 to October 2015, with his last position serving as an associate of equity capital market department. After that, Mr. Ma held several positions within Goldman Sachs (Asia) L.L.C. from October 2015 to April 2021, with his last position as an executive director in investment banking department.

Mr. Ma received his bachelor's degree of science with electronic science and technology major in July 2009 and his master's degree of science with electronic physics (物理電子學) major in June 2012 from Fudan University (復旦大學) in the PRC.

None of our senior management held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

### JOINT COMPANY SECRETARIES

**Mr. LIU Huan (劉歡)** is a senior vice president of the Company, and was appointed as the joint company secretary of our Company on November 14, 2022 with his appointment taking effect on November 21, 2022. See “– Senior Management” above for the biographical details of Mr. Liu.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. LI Kin Wai (李健威)** is the joint company secretary of our Company and was appointed on November 14, 2022 with his appointment taking effect on November 21, 2022. Mr. Li is a corporate service manager of Tricor Services Limited with more than 10 years of experience in accounting, auditing and corporate secretarial services. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Mr. Li is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom. Mr. Li obtained a bachelor's degree and a master's degree in corporate governance from the Open University of Hong Kong (香港公開大學) in August 2010 and November 2020, respectively.

Mr. Li currently serves as the company secretary of Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司) (stock code: 0460), Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司) (stock code: 6833), and Zhengye International Holdings Company Limited (正業國際控股有限公司) (stock code: 3363), all of which are companies listed on the Hong Kong Stock Exchange.

### REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of total remuneration (including salaries, allowances, benefits in kind, pension scheme contributions and share-based payment compensation) we paid to our Directors in respect of the financial years ended December 31, 2021, 2022 and 2023 was RMB2.3 million, RMB1.8 million and RMB7.1 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Appendix I to this prospectus.

The five highest paid individuals of our Group for the years ended December 31, 2021, 2022 and 2023 included one, nil and two Directors, respectively, whose remuneration is included in the aggregate amount of remuneration (including salaries, allowances, benefits in kind, pension scheme contributions, and share-based payment compensation) as set out above. The aggregate amount of salaries, allowances, benefits in kind, pension scheme contributions, and share-based payment compensation paid for the remaining four, five and three individuals for the years ended December 31, 2021, 2022 and 2023 was approximately RMB8.9 million, RMB14.8 million and RMB9.9 million, respectively.

Under the arrangement currently in force, we estimate the total remuneration (before tax) payable to Directors for the year ending December 31, 2024 will be approximately RMB7.2 million.

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## DIRECTORS AND SENIOR MANAGEMENT

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During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

For the details of the service contracts and appointment letters that we have entered into with our Directors, see the section headed “Statutory and General Information – D. Further Information about our Directors – 1. Directors’ service contracts and appointment letters” in Appendix IV to this prospectus.

### **CONFIRMATION FROM OUR DIRECTORS**

#### **Rule 8.10 of the Listing Rules**

As of the Latest Practicable Date, none of our Directors had interests in business, which competes or is likely to compete, either directly or indirectly with our business which would otherwise require disclosure under Rule 8.10(1) of the Listing Rules.

#### **Rule 3.09D of the Listing Rules**

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in November 2022, and (ii) understands the requirements under the Exchange Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Exchange.

#### **Rule 3.13 of the Listing Rules**

Each of the proposed independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

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## DIRECTORS AND SENIOR MANAGEMENT

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### CORPORATE GOVERNANCE

#### Board Committees

##### *Audit Committee*

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review the financial information of the Group and consider issues relating to the external auditors and their appointment. Our audit committee comprises three independent non-executive Director(s), namely Mr. CHEN Chen (陳晨), Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. CHEN Chen (陳晨), being the chairperson of the committee, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

##### *Remuneration Committee*

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on our Group's policy and structure for all remuneration of directors' and senior management and on the establishment of a formal and transparent procedure for development remuneration policy. Our remuneration committee comprises one executive Director, namely Mr. ZHAO Xulong (趙緒龍), and two independent non-executive Director(s), namely Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. QIN Ci (秦慈) is the chairman of the remuneration committee of our Company.

##### *Nomination Committee*

We have established a nomination committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules, the primary duties of which are to review the structure, size and composition of the Board, assess the independence of the independent non-executive directors, and make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors. Our nomination committee comprises one executive Director, namely Mr. ZHAO Xulong (趙緒龍), and two independent non-executive Director(s), namely Mr. QIN Ci (秦慈), and Mr. YANG Tao (楊濤). Mr. ZHAO Xulong (趙緒龍) has been duly appointed as the chairperson of the committee.

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## DIRECTORS AND SENIOR MANAGEMENT

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### RSU Scheme

In order to incentivize our Directors, senior management and other participants for their contribution to our Group and to attract and retain suitable personnel to our Group, we adopted the RSU Scheme on November 10, 2021. For further details, see the section headed “Appendix IV – Statutory and General Information – F. RSU Scheme” in this prospectus.

### Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. We aim to maintain at least 10% female representation in the Board and the current composition of the Board, consisting of one female Director and six male Directors with a balanced mix of knowledge and skills, satisfies this target gender ratio. We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders’ expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board. The Board is of the view that our current Board composition satisfies the Board Diversity Policy.

The nomination committee of the Board (the “**Nomination Committee**”) is responsible for reviewing the diversity of the Board. After the Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISER

We have appointed Alliance Capital Partners Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share buy-backs;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in the listing document; and
- (d) where the Exchange makes an inquiry of our Company concerning unusual movements in the price or trading volume of its listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

### CORPORATE GOVERNANCE CODE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after Listing except for Code Provision C.2.1 of the Corporate Governance Code, which provides that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

The role of chairman of the Board and president of our Company are currently performed by Mr. Zhao. In view of Mr. Zhao’s substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Zhao acting as both the chairman of the Board and chief executive officer of our Company will provide strong and consistent leadership to our Group and our business development and prospects that Mr. Zhao continues to act as both the chairman of the Board and chief executive officer of our Company after the Listing, and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer.

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## DIRECTORS AND SENIOR MANAGEMENT

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While this would constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Zhao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, *inter alia*, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OVERVIEW

Mr. Zhao, our founder, chairman and chief executive officer, and Ms. Zhu, being the spouse of Mr. Zhao, have jointly invested in our Group for more than ten years, and have been acting in concert on 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 of the Latest Practicable Date, Mr. Zhao, together with Ms. Zhu, indirectly held approximately 51.01% of the issued Shares in aggregate comprising (i) the 49.77% of issued Shares directly held by Real Force Limited and Precious Sight Limited, being two holding vehicles for the benefit of Founders' Family Trust with Willam Zhao Limited and Shuina Zhu Limited as beneficiaries; and (ii) the 1.24% of issued Shares directly held by Willian Zhao I Limited, which is indirectly wholly owned by Mr. Zhao.

Accordingly, immediately following the completion of the Global Offering, Mr. Zhao and Ms. Zhu will be interested in approximately 49.72% of the total issued Shares in aggregate. 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 Listing.

### DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

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

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors believe that our Group can conduct our business independently from our Controlling Shareholders and their close associates after the Listing.

#### Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, please see "Directors and Senior Management."

Our Directors consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (1) each of our Directors is fully aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interest to exist;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (3) all of our three independent non-executive Directors are independent of the Controlling Shareholders and have extensive experience in their respective areas of expertise. See “Directors and Senior Management.” All our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (4) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with any of the Controlling Shareholders or their respective close associates; (b) our independent non-executive Directors account for more than one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and
- (5) upon Listing, we will adopt corporate governance measures and sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management. Please see “– Corporate Governance Measures” below for further information.

Having considered the above factors, the Directors are satisfied that they are able to perform their managerial roles in our Company independently, and the Directors are of the view that they are capable of managing our business independently from our Controlling Shareholders after the Listing.

### **Operational Independence**

Our Group holds all the relevant licenses, qualifications, intellectual properties and permits required for conducting our Group’s business. Our Group has sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates. Our Group also has independent access to our customers and an independent management team to operate our business. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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We believe that we are capable of carrying out our business independently of our Controlling Shareholders and their close associates. Our Directors confirmed that we are able to operate our business independently from our Controlling Shareholders and/or their close associates after the Listing.

### **Financial Independence**

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit, and internal control functions independent from our Controlling Shareholders and their close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their close associates. We do not expect to rely on our Controlling Shareholders and/or their close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the proceeds from the Global Offering.

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholder Group. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our Controlling Shareholder Group and/or their respective close associates to our Group. In addition, during the Track Record Period and as of the Latest Practicable Date, we had received a series of Pre-IPO Investments from third party investors independently. For details of the Pre-IPO Investments, see "History, Reorganization and Corporate Development" in this prospectus.

Based on the aforesaid, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their close associates after the Listing.

### **CORPORATE GOVERNANCE MEASURES**

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (b) our Board will consist of a balanced composition of executive and non-executive Directors, including not less than one-third of independent non-executive Directors, to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;
- (d) our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing impartial and professional advice to protect the interests of our minority Shareholders;
- (e) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;
- (f) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix C1 to the Listing Rules; and
- (g) we have appointed Alliance Capital Partners Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or Directors to protect minority Shareholders' rights after the Listing.

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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Subdivision and the Global Offering, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Share Subdivision and the Global Offering <sup>(2)</sup>	
		Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in our Company	Number of Share <sup>(1)</sup>	Approximate percentage of shareholding in our Company
Mr. Zhao <sup>(3)</sup>	Settlor of a discretionary trust, interest in controlled corporation and Interest of spouse <sup>(3)</sup>	11,692,500	51.01%	116,925,000	49.72%
Ms. Zhu <sup>(3)</sup>	Interest in controlled corporation and Interest of spouse <sup>(3)</sup>	11,692,500	51.01%	116,925,000	49.72%
Shuina Zhu Limited <sup>(3)</sup>	Beneficiary of a trust <sup>(3)</sup>	11,408,800	49.77%	114,088,000	48.51%
Willam Zhao Limited <sup>(3)</sup>	Beneficiary of a trust <sup>(3)</sup>	11,408,800	49.77%	114,088,000	48.51%
	Interest in controlled corporation <sup>(3)</sup>	283,700	1.24%	2,837,000	1.21%
The Core Trust Company Limited <sup>(3)</sup>	Trustee <sup>(3)</sup>	11,408,800	49.77%	114,088,000	48.51%
Real Force Limited <sup>(3)</sup>	Beneficial owner <sup>(3)</sup>	5,440,760	23.74%	54,407,600	23.14%
Precious Sight Limited <sup>(3)</sup>	Beneficial owner <sup>(3)</sup>	5,968,040	26.04%	59,680,400	25.38%

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the completion of the Share Subdivision and the Global Offering <sup>(2)</sup>	
		Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in our Company	Number of Share <sup>(1)</sup>	Approximate percentage of shareholding in our Company
Mr. ZHU Zhengguo <sup>(4)</sup>	Interest in controlled corporations	2,479,400	10.82%	24,794,000	10.54%
NB DIGITAL <sup>(4)</sup>	Beneficial owner	2,116,160	9.23%	21,161,600	9.00%
Mr. XU Jiankang <sup>(5)</sup>	Interest in controlled corporation <sup>(5)</sup>	1,925,180	8.40%	19,251,800	8.19%
Shanghai Hongyu Limited <sup>(5)</sup>	Settlor of a discretionary trust, and beneficiary of a trust <sup>(5)</sup>	1,925,180	8.40%	19,251,800	8.19%
The Core Trust Company Limited <sup>(5)</sup>	Trustee <sup>(5)</sup>	1,925,180	8.40%	19,251,800	8.19%
Driving Force Developments Limited <sup>(5)</sup>	Beneficial owner <sup>(5)</sup>	1,925,180	8.40%	19,251,800	8.19%
Ms. ZHAO Fangqi <sup>(6)</sup>	Interest in controlled corporation <sup>(6)</sup>	1,540,100	6.72%	15,401,000	6.55%
Fangqi Zhao Limited <sup>(6)</sup>	Settlor of a discretionary trust, and beneficiary of a trust <sup>(6)</sup>	1,540,100	6.72%	15,401,000	6.55%
The Core Trust Company Limited <sup>(5)</sup>	Trustee <sup>(6)</sup>	1,540,100	6.72%	15,401,000	6.55%
Rosy Maple Limited <sup>(6)</sup>	Beneficial owner <sup>(6)</sup>	1,540,100	6.72%	15,401,000	6.55%

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## SUBSTANTIAL SHAREHOLDERS

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*Notes:*

- (1) All interests stated are long positions, and upon the Listing and the completion of the Global Offering, all the Preferred Shares will be automatically converted into Ordinary Shares.
- (2) The calculation is based on the total number of 235,164,100 Shares in issue immediately following the completion of the Share Subdivision and the Global Offering.
- (3) For family wealth management and estate planning purpose, on April 25, 2024, Mr. Zhao and Ms. Zhu transferred their respective interests in the Company directly held by Willam Zhao Limited as to 5,440,760 Shares and Shuina Zhu Limited as to 5,968,040 Shares to Real Force Limited and Precious Sight Limited (being BVI-incorporated holding vehicles), respectively, for the benefit of the Founders' Family Trust. Further, Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited, also directly held 283,700 Shares in the Company as of the Latest Practicable Date.

As of the Latest Practicable Date, each of Real Force Limited and Precious Sight Limited is indirectly controlled by the Founders' Family Trust with Mr. Zhao as the settlor, The Core Trust Company Limited as the trustee, Ms. Zhu as the protector and Willam Zhao Limited (which is wholly owned by Mr. Zhao) and Shuina Zhu Limited (which is wholly owned by Ms. Zhu) as beneficiaries.

As such, as of the Latest Practicable Date, each of Mr. Zhao and Ms. Zhu is deemed to be interested in a total of 11,692,500 Shares comprising (i) 11,408,800 Shares controlled through the Founders' Family Trust; and (ii) 283,700 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited.

- (4) As of the Latest Practicable Date, Mr. ZHU Zhengguo is deemed to be interested in a total of 2,479,400 Shares comprising (i) 2,116,160 Shares through NB Digital, a company controlled by Mr. ZHU Zhengguo; and (ii) 363,240 Shares through Jiaxing Hengjie, in which Tianjin Hongdao North Beta, controlled by Mr. ZHU Zhengguo, acted as the general partner and controlled as to 5.70%. Please see "History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments – 3. Information on the Pre-IPO Investors" for further details.
- (5) Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group, all being the beneficial owners of the shares of Shanghai Hongyu Limited, as to 39.41% and 60.59%, respectively, as of the Latest Practicable Date. Save for Mr. XU Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited as of the Latest Practicable Date.

On April 25, 2024, Shanghai Hongyu Limited transferred all Shares in the Company held by it to Driving Force Developments Limited (being the BVI-incorporated holding vehicle) for the benefit of a trust (the "**Hongyu Trust**") with Shanghai Hongyu Limited as the settlor and beneficiary, and The Core Trust Company Limited as trustee. As such, as of the Latest Practicable Date, Mr. XU Jiankang is deemed to be interested in the 1,925,180 Shares held through the Hongyu Trust by Shanghai Hongyu Limited.

- (6) Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. ZHAO Fangqi as of the Latest Practicable Date. For wealth management and estate planning purpose, on April 25, 2024, Ms. ZHAO Fangqi transferred all Shares in the Company held by her through Fangqi Zhao Limited to Rosy Maple Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust (the "**Fangqi Trust**") with Ms. ZHAO Fangqi as the settlor, Fangqi Zhao Limited as beneficiary and The Core Trust Company Limited as trustee. As such, as of the Latest Practicable Date, Ms. ZHAO Fangqi is deemed to be interested in the 1,540,100 Shares held through the Fangqi Trust by Fangqi Zhao Limited.

Save as disclosed above, our Directors are not aware of any person who will, immediately prior to and following the completion of the Global Offering, have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in the circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

## SHARE CAPITAL

### AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company as of the date of this Prospectus and immediately following the completion of the Global Offering:

#### 1. Authorized Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)
9,993,200,300	Ordinary Shares of par value US\$0.000005 each	49,966.0015
1,925,180	Series A-1 Preferred Shares of par value US\$0.000005 each	9.6259
363,240	Series A-2 Preferred Shares of par value US\$0.000005 each	1.8162
4,511,280	Series B Preferred Shares of par value US\$0.000005 each	22.5564
<b><u>10,000,000,000</u></b>	<b>Total</b>	<b><u>50,000.00</u></b>

#### 2. Issued and outstanding as of Latest Practicable Date

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)	Approximate percentage of the issued share Capital
17,861,960	Ordinary Shares of par value US\$0.000005 each	89.3098	77.93%
1,925,180	Series A-1 Preferred Shares of par value US\$0.000005 each	9.6259	8.40%
363,240	Series A-2 Preferred Shares of par value US\$0.000005 each	1.8162	1.58%
2,771,060	Series B Preferred Shares of par value US\$0.000005 each	13.8553	12.09%
<b><u>22,921,440</u></b>	<b>Total</b>	<b><u>114.6072</u></b>	<b><u>100%</u></b>

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## SHARE CAPITAL

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### Issued and outstanding following the completion of the Share Subdivision and the Global Offering

The issued share capital of our Company immediately following the completion of the Share Subdivision and the Global Offering (assuming that each Preferred Share will automatically convert into one ordinary share of US\$0.0000005 each upon the Global Offering becoming unconditional) will be as follows:

<b>Number of Shares</b>	<b>Description of Shares</b>	<b>Approximate aggregate nominal value of shares (US\$)</b>
<i>Authorized Share Capital:</i>		
<u>100,000,000,000</u>	Ordinary Shares of par value US\$0.0000005 each	<u>50,000.000</u>
<i>Issued Share Capital:</i>		
<u>229,214,400</u>	Ordinary Shares of par value US\$0.0000005 each	<u>114.6072</u>
<i>Shares to be issued under the Global Offering</i>		
<u>5,949,700</u>	Ordinary Shares of par value US\$0.0000005 each	<u>2.9749</u>
<i>Total issued Shares immediately after completion of the Global Offering</i>		
<u>235,164,100</u>	Ordinary Shares of par value US\$0.0000005 each	<u>117.5821</u>

### ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above tables also do not take into account any Shares which may be issued or brought back by us under the general mandates granted to our Directors as referred to below.

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## SHARE CAPITAL

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### RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this prospectus.

### CIRCUMSTANCES WHERE GENERAL MEETINGS ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of the Company – 2 Articles of Association – 2.4 Alteration of capital” for further details.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering; and
- (ii) the aggregate nominal value of share capital of our Company brought back by our Company (if any) under the authority referred to in the paragraph headed “– General Mandate to Buy Back Shares” in this section.

The general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or

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## SHARE CAPITAL

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- (iii) the time when the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further details of this general mandate are set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 4. Written resolutions of the shareholders of our Company passed on April 25, 2024” in this prospectus.

### **GENERAL MANDATE TO BUY BACK SHARES**

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following the completion of the Global Offering.

This buy-back mandate only relates to purchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements under the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 5. Buy-back of our Shares” in this prospectus.

The general mandate to buy back Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or
- (iii) the time when the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Further details of this Share buy-back mandate are set out in the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Group – 5. Buy-back of our Shares” in this prospectus.

### **RSU Scheme**

We adopted the RSU Scheme on November 10, 2021 for the purpose of incentivizing our Directors, senior management and other employees and to attract and retain suitable personnel to our Group. Further details of the Share Incentive Schemes are set out in the section headed “Appendix IV – Statutory and General Information – F. RSU Scheme” in this prospectus.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE INVESTMENT

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased for an aggregate amount of US\$5.04 million (or approximately HK\$39.42 million, calculated based on an exchange rate of US\$1.00 to HK\$7.82907) (the “**Cornerstone Investment**”).

Assuming an Offer Price of HK\$42.00, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 938,600 Offer Shares, representing (a) approximately 15.77% of the Offer Shares pursuant to the Global Offering and (b) approximately 0.40% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK\$43.50, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 906,200 Offer Shares, representing (a) approximately 15.23% of the Offer Shares pursuant to the Global Offering and (b) approximately 0.38% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK\$45.00, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 876,000 Offer Shares, representing (a) approximately 14.72% of the Offer Shares pursuant to the Global Offering and (b) approximately 0.37% of our total issued share capital immediately upon completion of the Global Offering.

Our Company is of the view that, leveraging on the Cornerstone Investors’ investment experience, the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Our Company became acquainted with each of the Cornerstone Investors through introduction by the Overall Coordinators in the Global Offering.

The Cornerstone Investment will form part of the International Offering and the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of our Company. The Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, and none of the Cornerstone

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## CORNERSTONE INVESTORS

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Investors or any of their affiliates, directors, officers, employees, agents or representatives, has accepted or entered into any agreement or side arrangement to accept any direct or indirect benefits by side letter or otherwise, from the Company, any member of our Group, or any of their respective affiliates, directors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Chapter 4.15 of the Guide for New Listing Applicants.

To the best knowledge of our Company and save as disclosed above, (i) each of the Cornerstone Investors and their respective ultimate beneficial owners is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, our subsidiaries, the Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or their respective close associates in relation to the acquisition, disposal, voting, or other disposition of Shares registered in its name or otherwise held by it; and (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is directly or indirectly financed by our Company, the Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

As confirmed by each Cornerstone Investor, its subscription under the Cornerstone Investment Agreements would be financed by their own internal financial resources and credit facility granted by independent banking institution (as confirmed by the Cornerstone Investor which would utilize external credit facility for the Cornerstone Investment, no pledge of Offer Shares is required for obtaining such credit facility). Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the cornerstone investment and that none of the Cornerstone Investors or their shareholders are listed on any stock exchange and no specific approval from any stock exchange is required for the relevant Cornerstone Investment.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no delayed delivery or delayed settlement of the Offer Shares to be subscribed by the Cornerstone Investor.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in the prospectus of our Company, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a *pro rata* basis under the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Tuesday, May 14, 2024.

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## CORNERSTONE INVESTORS

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### THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Investment.

#### VH Nanchang Donghu

VH Nanchang Donghu Asset Capital LPF (維港南昌東湖產業有限合夥基金, “**VH Nanchang Donghu**”) is a limited partnership fund incorporated in Hong Kong on April 2, 2024. As of the Latest Practicable Date and upon Listing, VH Nanchang Donghu was and is expected to be held by two limited partners, being Nanchang Industry Investment Fund Management Company Limited (南昌產投投資基金管理有限公司, “**Nanchang Industry Investment**”) and Nanchang Dongkong Industry Investment Company Limited (南昌市東控產業投資有限公司, “**Nanchang Dongkong**”) as to 80% and 20% interests therein, respectively. Nanchang Industry Investment is controlled by Nanchang Industry Investment Group Co., Ltd. (南昌市產業投資集團有限公司), which was in turn ultimately controlled by the People’s Government of Nanchang Municipality of the PRC; while Nanchang Dongkong is wholly owned by Nanchang Dongkong Enterprise Operation and Management Co., Ltd. (南昌市東控企業運營管理有限公司), which is ultimately controlled by Finance Bureau of Donghu District of Nanchang Municipality (南昌市東湖區財政局). VH Nanchang Donghu is managed by its general partner and manager, namely Victoria Harbour International Financial Holdings Limited (維港國際金融控股有限公司, “**Victoria Harbour**”), which is indirectly held by JY (HK) INTL FIN DEVELOPMENT GROUP LIMITED (“**JY (HK)**”, a private company incorporated in Hong Kong) as to 30.25% interest, being the largest shareholder of Victoria Harbour and an Independent Third Party that is not connected to the distributors of the Global Offering. All other shareholders of Victoria Harbour are Independent Third Parties that are not connected to the distributors of the Global Offering, holding no more than 25% interest in Victoria Harbour. The ultimate largest shareholder of JY (HK) is Mr. Sun Guangfu, a PRC national who is an Independent Third Party and are not connected to the distributors of the Global Offering controlling 44% interest therein, while all other ultimate shareholders of JY (HK) are Independent Third Parties that are not connected to the distributors of the Global Offering holding no more than 10% interest in Victoria Harbour. VH Nanchang Donghu is principally engaged in financial investment in Hong Kong.

#### Barjai

Barjai Trading Company Limited (剛信貿易有限公司, “**Barjai**”) is a private company incorporated in Hong Kong on September 6, 1985. Barjai is wholly owned by Hua Gan Holdings Company Limited (華贛股份有限公司, a private company incorporated in Hong Kong), which is wholly controlled by Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司) and, in turn, ultimately wholly-owned by the People’s Government of Jiangxi Province of the PRC. Barjai is principally engaged in investment of financial products in Hong Kong.

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## CORNERSTONE INVESTORS

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The table below sets forth details of the Cornerstone Investment:

*Based on the Offer Price of HK\$42.00 (being the low-end of the indicative Offer Price range)*

Cornerstone Investor	Total investment Amount (in million)	Number of Offer Shares to be acquired <sup>(1)(2)</sup>	Approximate % of the Offer Shares	Approximate % of ownership
VH Nanchang Donghu	US\$2.50	466,000	7.83%	0.20%
Barjai	HK\$19.85 (equivalent to US\$2.54)	472,600	7.94%	0.20%
<b>Total</b>	<b>US\$5.04</b>	<b>938,600</b>	<b>15.77%</b>	<b>0.40%</b>

*Based on the Offer Price of HK\$43.50 (being the mid-point of the indicative Offer Price range)*

Cornerstone Investor	Total investment Amount (in million)	Number of Offer Shares to be acquired <sup>(1)(2)</sup>	Approximate % of the Offer Shares	Approximate % of ownership
VH Nanchang Donghu	US\$2.50	449,900	7.56%	0.19%
Barjai	HK\$19.85 (equivalent to US\$2.54)	456,300	7.67%	0.19%
<b>Total</b>	<b>US\$5.04</b>	<b>906,200</b>	<b>15.23%</b>	<b>0.38%</b>

*Based on the Offer Price of HK\$45.00 (being the high-end of the indicative Offer Price range)*

Cornerstone Investor	Total investment Amount (in million)	Number of Offer Shares to be acquired <sup>(1)(2)</sup>	Approximate % of the Offer Shares	Approximate % of ownership
VH Nanchang Donghu	US\$2.50	434,900	7.31%	0.18%
Barjai	HK\$19.85 (equivalent to US\$2.54)	441,100	7.41%	0.19%
<b>Total</b>	<b>US\$5.04</b>	<b>876,000</b>	<b>14.72%</b>	<b>0.37%</b>

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## CORNERSTONE INVESTORS

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*Notes:*

- (1) Exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.
- (2) Calculated based on an exchange rate of US\$1.00 to HK\$7.82907.
- (3) Subject to rounding down to the nearest whole board lot of 100 Shares.

### CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between the Company and the Overall Coordinators (on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Investment) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any government authority which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

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## CORNERSTONE INVESTORS

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### RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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## FINANCIAL INFORMATION

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*The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."*

### OVERVIEW

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

We have a large and rapidly growing customer base. In 2021, 2022 and 2023, for our SaaS business, we served 24,127, 23,647 and 25,495 users, respectively, across different industries. During the same years, we provided precision marketing services to 845, 998 and 1,042 advertising customers respectively, operating in new economy industries including gaming, e-commerce and online services. By serving such an extensive number of customers with diversified business backgrounds, we are able to collect valuable feedback and obtain first-hand knowledge of customer needs, facilitating our improvement of product and service quality. More importantly, the valuable industry know-how and marketing experience that we have accumulated over the past ten years allows us to acquire more customers in the same or similar industries and enable them to operate more effectively.

We experienced rapid growth during the Track Record Period. Our revenue increased from RMB877.2 million in 2021 to RMB1,142.8 million in 2022 and further to RMB1,232.1 million in 2023, representing a CAGR of 18.5%. Our gross profit increased from RMB477.8 million in 2021 to RMB560.0 million in 2022 and further to RMB706.2 million in 2023, representing a CAGR of 21.6%.

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## FINANCIAL INFORMATION

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As of December 31, 2023, we recorded a net liability primarily because we recorded convertible redeemable preferred shares as non-current liabilities. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the Listing. We expect our net liability position will turn into a positive equity position upon the Listing.

### **BASIS OF PRESENTATION**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 23, 2021. We have become an investment holding company after a series of reorganizations. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards (the “IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and is presented in RMB, unless otherwise stated. Our consolidated financial information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss which have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain material accounting estimates. It also requires our management to exercise their judgment in the process of applying our accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this prospectus.

### **MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been, and are expected to continue to be, materially affected by various factors, some of which are outside of our control. These factors include but are not limited to the following:

#### **General Factors**

Our business and operating results are impacted by general factors affecting the broader cloud-based marketing and sales solutions industry in China, including:

- The overall economic growth in China, especially the growth of the internet industry and the development and penetration of digitalization across industries in China;
- The growth media platforms and adoption of SaaS and precision marketing services by companies in China;
- The digital transformation, with the development of cloud computing, big data analytics and AI technologies and their application to marketing and sales SaaS industries across different industries in China; and

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## FINANCIAL INFORMATION

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- The expenditures of companies on online marketing and sales SaaS products and other services across different industries in China, along with their future growth trends.

### **Specific Factors**

#### ***Our Ability to Expand Our Customer Base***

We generate revenue by providing customers with marketing and sales SaaS products and precision marketing services, and our results of operations and continued revenue growth depend on our ability to expand our customer base. The number of customers using our SaaS business and precision marketing services is crucial to our results of operations. The quality of our services and products, dedicated sales and marketing efforts and comprehensive customer relationship management mechanisms, help to form a large and diversified customer base during the Track Record Period. The number of users of our SaaS business amounted to 24,127 in 2021, 23,647 in 2022 and 25,495 in 2023, respectively. The number of users slightly decreased in 2022, primarily due to our reduced marketing activities resulting from the adverse impact of the COVID-19 pandemic. However, the revenue from our SaaS business increased by 20.8% from RMB438.6 million in 2021 to RMB529.9 million in 2022, primarily attributable to the increase in the contract value from users' subscription in 2021, a portion of which was subsequently recognized as revenue in 2022. As the COVID-19 pandemic subsided, we have recovered from such impacts and continued business expansion, with the number of users of our SaaS business increasing to 25,495 in 2023, attributable to our efforts to launch new functional modules and enhance the effectiveness of existing ones to better address the evolving needs of our users, as well as the expansion of customer base leveraging our established sales network. The number of our advertising customers for our precision marketing business increased from 845 in 2021 to 998 in 2022, and further to 1,042 in 2023. Revenue from our precision marketing services amounted to RMB438.6 million in 2021, RMB612.9 million in 2022 and RMB529.7 million in 2023.

Our ability to attract and successfully acquire new customers is dependent on a range of factors, including, among other things, offering new function modules, upgrading existing products and services, sales and marketing efforts, and customer service quality. To strengthen our marketing and sales capabilities, we have been committed to building up a dedicated sales team and an efficient sales mechanism, prioritizing improving customer experiences and promoting their business growth. As of December 31, 2023, we had developed local direct sales offices in 23 cities. In addition, through serving an increasing number of customers, we obtain valuable feedback from customers and accumulate precious industry experience, which helps us to further improve our products and services and ultimately raise customer satisfaction. We will also continue to enhance our brand image and promote our presence in the Chinese market.

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## FINANCIAL INFORMATION

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### *Our Ability to Deepen Relationship with Customers*

We strive to maintain stable and long-term business relationships with our customers. Our all-in-one marketing and sales SaaS products aim to empower enterprises' entire process of customer acquisition and management. As of December 31, 2023, we offered a comprehensive and diversified functional module matrix for our SaaS products, comprising 237 modules. For our precision marketing services, we provide one-stop, cross-media professional services, ranging from advertising plan formulation, marketing content production, ongoing monitoring and real-time optimization, to enable our advertising customers to achieve satisfactory marketing result. We are dedicated to bringing products and services of excellence to our customers. To deepen our relationship with existing customers, we continue to focus on customer success and superior service quality. In particular, we expect to adapt our products and services to more application scenarios to better address customers' evolving marketing needs.

We also believe that our customers' growing spendings with us have driven our rapid growth during the Track Record Period. Quality products and excellent service encourage customers to purchase new services provided by us or upgrade their current packages. To better serve our customers, we have also established a customer success department that is devoted to supporting users of our SaaS products during their entire process of marketing and sales activities.

### *Continuous Investment in Product and Technology Innovations*

Our future growth is dependent on our continuous investment in research and development and our dedication to technology innovations. We rely on our Marketingforce platform to deliver cloud-based services to SaaS users. Our Marketingforce platform is supported by advanced technologies as the foundation. The Marketingforce platform gives us high scalability in handling customers' requests and significant flexibility in developing and upgrading our SaaS products, constantly enriching our customers' experiences and catering to their evolving business needs. We have also widely applied big data analytics to our precision marketing to improve the effectiveness of our services. As our customers increasingly realize the benefits of the products and services we provide, they are more willing to upgrade their experience with purchasing additional products and services or updated versions from us, which contributes to the increase of average spending per customers and ultimately to our revenue growth.

To better cater to customers' marketing and sales needs arising from more complex use cases and growing operation scales, we have been dedicated to investing in research and development. Our research and development expenses amounted to RMB160.6 million, RMB224.6 million and RMB210.0 million in 2021, 2022 and 2023, respectively. We will continue to dedicate our efforts to R&D activities to enrich and enhance product and service offerings and cement our leading position in the market, by enriching the features, functions, and interfaces of our products and services by continuous innovation.

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## FINANCIAL INFORMATION

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### *Our Product and Revenue Mix*

Our overall results of operations and profitability also depend on our revenue structure. During the Track Record Period, the gross margin of our SaaS business was generally higher than the same of our precision marketing services. In 2021, 2022 and 2023, the gross margin of our SaaS business was 90.1%, 89.2% and 87.7%, respectively, while the gross margin of our precision marketing services was 18.9%, 14.3% and 17.0%, respectively. Therefore, the combination of our revenue from the two businesses will affect our overall profit margin.

The amount of revenue we recognize from precision marketing services is affected by our role in provision of marketing services to different advertising customers. We recognize revenue generated under our contracts with advertising customers under the arrangements for online advertisement solution services, where we act as principal, on a gross basis. This entails relatively lower gross margin due to the considerable costs incurred for procurement of advertising traffic on media platforms for online advertisement solution services. We recognize revenue generated under our contracts with advertising customers under the arrangements for online advertisement distribution services, where we act as agent, on a net basis and do not record procurement cost of advertising traffic as our cost of services. For further details on our revenue recognition policy in this respect, see “ – Material Accounting Policy Information and Estimates – Revenue Recognition.” The combination of our revenue from different parts of precision marketing services, measured by the portion of revenue recognized on a gross basis and net basis, will affect our profit margin.

### *Our Ability to Manage Costs and Improve Operational Efficiency*

Our ability in cost management is pivotal to improving our overall profitability. In particular, our selling and distribution expenses constituted a relatively significant portion of our total revenue, accounting for 32.4%, 27.6% and 26.5% of our total revenue in 2021, 2022 and 2023, respectively. Further, our employee benefit expenses formed a significant portion of our selling and distribution expenses throughout the Track Record Period. We intend to optimize our operating expenses by achieving economies of scale and improving sales efficiency and effectiveness. As we continue to grow our business, we expect to further improve the structure of our sales force with more experienced sales personnel and offer more training sessions to our sales team. Through those measures, we aim to expand our customer base and maintain stable business relationships with our customers in a more cost-effective manner.

## **IMPACT OF COVID-19 ON OUR OPERATIONS**

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

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Our business operations and financial conditions were adversely affected by the COVID-19 pandemic in 2022, compared to the early stage of the COVID-19 outbreak during the Track Record Period. Due to the impact of the COVID-19, our operating activities were temporarily restrained, including our daily operations and sales and marketing efforts. In the first half of 2022, our offices in several major cities experienced temporal closure for different periods of time, which included Shanghai, Shenzhen, Wuxi and Suzhou. In particular, our headquarters in Shanghai were temporarily closed in April and May 2022. During the closure period, over 80% of our employees in our headquarters in Shanghai had to work from home, and we experienced higher level of absence in April and May 2022, comparing with that of the same period in 2021.

Furthermore, our sales and marketing efforts also experienced difficulties during the outbreak of COVID-19 in Shanghai, as our sales personnel had to arrange more online customer visits, which are more challenging to secure orders as compared with offline customer visits. The COVID-19 also affected our customer support and after-sale services. For example, we faced difficulties in adjusting contracts promptly for clients who wished to switch their subscription with our products, and we also had trouble delivering invoices to customers during the pandemic, resulting in delayed payments. Our other offices were affected likewise during the relevant COVID-19 outbreak in the first half of 2022. As such, our revenue growth slowed down as our offline sales and marketing activities experienced difficulties during the outbreak.

In addition, due to the impact of the pandemic in Shanghai from March to June in 2022, the value of our newly signed subscription contract for the second quarter decreased by approximately 49.4% compared to the same period in 2021. As a result, we recorded a year-over-year increase of 20.8% in the revenue from SaaS business in 2022, showing a significant decrease from the 94.8% year-over-year increase in 2021. Apart from the reduced sales activities mentioned above, however, our business operations and R&D activities were not materially affected by the COVID-19 pandemic. As a result, our financial condition was also affected in 2022. Our other receivables in relation to prepayments on behalf of advertisers to third parties increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, which was partially because of the extended credit periods we granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022.

To maintain healthy business relationships with these advertising customers amid the COVID-19 pandemic, we granted longer payment terms, mainly from 90 days to 180 days, to such advertising customers. For example, the four largest advertising customers in terms of the ending balance amounts of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022 were granted the longer payment terms, with the amount of other receivables in relation to prepayment on behalf of the four advertising customers accounting for 74.3% of our total ending balance of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022. Moreover, our cost payable to media platforms on behalf of customers increased from RMB62.8 million as of December 31, 2021 to RMB319.8 million as of December 31, 2022, mainly attributable to that we slowed down our settlement process with media platforms due to COVID-19 pandemic. See “Financial Information – Prepayments, Other Receivables and Other Asset (Current)” and “Financial Information – Other Payables and Accruals (Current).”

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

To mitigate the impact of the COVID-19 pandemic, we adopted measures to mobilize internal resources and leverage our strong technological capabilities, such as enhancing our R&D efforts to refine our products and services, maximizing our sales force capability and implementing various precautionary policies to ensure the safety of our employees working remotely or onsite. As a result, we had maintained our momentum in revenue growth throughout the Track Record Period. As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance. However, we cannot be entirely certain as to when the impact of the COVID-19 pandemic will be completely alleviated. Any prolonged outbreak of the COVID-19 or any similar pandemic may adversely affect our business and financial performance. See “Risk Factors – Risks Related to Our Business and Industry – The COVID-19 and similar pandemic may continue to present challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.”

### MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results. We have also not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

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Listed below are accounting policies which we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 2.4 and 3 to the Accountants' Report included in Appendix I to this prospectus.

### **Revenue Recognition**

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between our Group and the customer at contract inception. When the contract contains a financing component which provides our Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

### ***SaaS Business***

SaaS business revenue primarily generates from a variety of cloud-based marketing and sales solutions. Revenue is generally recognized over time on a ratable basis over the contract term beginning from the date when cloud is accessible to the customer. SaaS business is provided to customers directly, including those sold directly by our Group and through channel partners. Our Group is responsible to deliver the cloud-based software and ensure the customers have the right to access the cloud-based software in a stable way.

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The channel partners work as the agent and have the contractual obligation to follow our Group's pricing guidance and have no significant performance obligation towards the customers. Therefore our Group is the principal and recognizes revenue at the gross amount billed to the customers by the channel partners. The difference between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by our Group is recognized as contract acquisition cost. Contract acquisition costs are charged to selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

Our Group develops and sells customized self-hosted software. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the customized software as well as control the customized software until the software was delivered to the customer. The customized software generally has no alternative use for our Group due to contractual restrictions. However, an enforceable right to payment does not arise until customized software transfer to customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

Our Group recognizes an asset in relation to costs to fulfill its customized software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfillment costs are recorded as cost of sales when the customized software is passed to the customer and the revenue is recognized.

### *Precision Marketing Services*

Our Group generates revenue from marketing solutions for advertising in a range of industries on media platforms. Precision marketing services include online advertisement solution services and online advertisement distribution services. Under each particular contract with customers, our Group is acting as a principal or an agent in the specific transactions. In determining whether our Group is acting as a principal or as an agent under the contract, management is required to take into account all relevant factors when making the judgment and evaluation, which are (a) whether our Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether our Group has inventory risk before or after the specified service or control has been transferred to a customer; and (c) whether our Group has discretion in establishing the prices for the specified service. Specifically, for online advertisement solution service, our Group acts as the principal of these arrangements, correspondingly recognizes revenue on a gross basis; while for online advertisement distribution service, our Group acts as the agent and recognizes revenue on a net basis.

### *Online Advertisement Solution Services*

Our Group provides one-stop, cross-media mobile marketing solutions by designing, producing, launching, monitoring and optimizing their advertisement campaigns, with strategic focus on top media platforms. Our Group charges the customers mainly based on Cost Per Mille ("CPM") and Cost Per Click ("CPC"), which is subject to downward adjustments when the unit costs of advertising exceeded the committed levels. Revenue is recognized at a point in time when the customer benefits from the services.

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While none of the factors individually are considered presumptive or determinative, in these arrangements our Group is the principal and responsible for (i) identifying and contracting with third-party advertisers which our Group views as customers, our Group is primarily responsible for delivering the specified integrated services to the advertisers and committed not to exceed the unit costs of advertising as agreed with the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic from media platforms cannot be compensated by the total consideration received from the advertisers; (iii) performing all the billing and collection activities based on prices negotiated by the Group with the advertisers; and (iv) taking responsibility for the advertising content that our Group produced and placed with media platforms. Our Group controls the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognizes revenue earned and costs incurred related to these transactions on gross basis. Under these arrangements, the rebates obtained from the media platforms are recorded as reduction of cost of sales. Rebates offered to the advertisers are recognized as deduction of revenue.

### *Online Advertisement Distribution Services*

Our Group provides traffic acquisition service to distribute the advertisements produced by the advertisers or our Group. The advertisements are published on the targeted media platforms as determined by the customers. Besides, our Group provides advertisements account charging service to customers upon the request from customers. Revenue is recognized at a point in time when the distribution of advertisements and charging of advertisement accounts are completed.

Our Group is not the principal in this arrangement as our Group does not control the specified service (i.e., the traffic) before that service is delivered to the customer, because (i) it is the targeted media platform, rather than our Group, who is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than our Group, and our Group did not commit to acquire the traffic before transferring to the customers. Therefore, our Group is not the principal in executing these transactions. Our Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, rebates granted by the media platforms are recorded as revenue in the consolidated statements of profit or loss. Rebates offered to the advertisers are recognized as a deduction of revenue.

### **Share-based Payments**

Our Company operates a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

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The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method and back-solve method, further details of which are given in Note 32 to the Accountants' Report included in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either our Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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### Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if our Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Impairment of Non-financial Assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets and contract acquisition costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each period of the Track Record Period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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During the Track Record Period, there had been indicators of impairment. In accordance with the management's estimation, the recoverable amount of non-financial assets has been determined on the basis of value in use by estimating future pre-tax cash flows using key assumptions including budgeted gross margins, revenue growth rates and discount rates. The budgeted gross margins used in the impairment testing were determined by the management on the basis of past performance and its expectation for market development of the SaaS business and precision marketing services. The expected revenue growth rates are based on the business plan approved by the Company. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. Based on the result of the assessment, our directors are of the view that the carrying amount of non-financial assets does not exceed the recoverable amount and thus no provision for impairment was required for non-financial assets as of December 31, 2021, 2022 and 2023.

### **Provision for Expected Credit Losses on Receivables**

Our Group uses a provision matrix to calculate expected credit losses (“ECLs”) for receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns.

The provision matrix is initially based on our Group's historical observed default rates. Our Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customer industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on our Group's receivables is disclosed in Notes 20 and 21 to the Accountants' Report in Appendix I to this prospectus.

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### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Revenue	877,231	1,142,776	1,232,120
Cost of services	<u>(399,424)</u>	<u>(582,738)</u>	<u>(525,938)</u>
<b>Gross profit</b>	<b>477,807</b>	<b>560,038</b>	<b>706,182</b>
Other income and gains	39,776	47,702	39,904
Selling and distribution expenses	(284,158)	(314,995)	(326,798)
Administrative expenses	(172,032)	(188,931)	(203,892)
Research and development expenses	(160,588)	(224,621)	(210,037)
Fair value changes of convertible redeemable preferred shares	(122,237)	(61,069)	(107,815)
Other expenses	(1,998)	(125)	(585)
Impairment for financial assets	(15,191)	(6,496)	(31,143)
Finance costs	<u>(26,481)</u>	<u>(27,990)</u>	<u>(35,239)</u>
<b>Loss before tax</b>	<b>(265,102)</b>	<b>(216,487)</b>	<b>(169,423)</b>
Income tax expense	<u>(7,487)</u>	<u>32</u>	<u>(55)</u>
<b>Loss for the year</b>	<b><u>(272,589)</u></b>	<b><u>(216,455)</u></b>	<b><u>(169,478)</u></b>

### NON-IFRS MEASURE

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

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

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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, listing 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 Listing; (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 prospectus), 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) listing expenses are expenses related to the Global Offering; and (iv) share-based compensation expenses are expenses related to the share incentives and rewards we offered to our employees, which are non-cash expenses and not reflective of 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:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Reconciliation of net loss to</b>			
<b>adjusted net loss</b>			
<b>(non-IFRS measure):</b>			
<b>Net loss for the year</b>	<b><u>(272,589)</u></b>	<b><u>(216,455)</u></b>	<b><u>(169,478)</u></b>
Add:			
Fair value changes of convertible redeemable preferred shares	122,237	61,069	107,815
Interest on redeemable preferred shares	8,004	–	–
Listing expenses	3,921	14,665	25,549
Share-based compensation expenses	<u>7,952</u>	<u>8,378</u>	<u>8,378</u>
<b>Adjusted net loss</b>			
<b>(non-IFRS measure)</b>	<b><u>(130,475)</u></b>	<b><u>(132,343)</u></b>	<b><u>(27,736)</u></b>

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We had net losses during the Track Record Period, primarily because we incurred substantial research and development expenses, administrative expenses and selling and distribution expenses during the process of rapid expansion of our SaaS business. According to Frost & Sullivan, SaaS solution providers often experience losses when expanding their business due to the time lag between revenue recognition and operational expenses. While a SaaS company bears substantial expenses in research and development, as well as selling and distribution and administration, the resultant revenue growth may manifest only at a subsequent phase, as revenue is recognized over the term of the contracts. To timely capture the opportunities from the favorable governmental policies adopted in recent years and the rising marketing and sales SaaS market in China, since 2019, we have experienced significant increases in (i) research and development expenses to enhance the performance of our products and launch new functional modules, (ii) selling and distribution expenses to promote our SaaS business and expand our user base, and (iii) administrative expenses to support the fast growth of our business scale. As we are still in the process of expansion of our SaaS business, we expect to record a net loss in 2023. See “Risk Factors – We have incurred net losses and recorded accumulated losses during the Track Record Period, which may continue in the future.”

Our adjusted net losses (non-IFRS measure) remained relatively stable at RMB130.5 million and RMB132.3 million in 2021 and 2022, respectively. Our adjusted net losses (non-IFRS measure) decreased from RMB132.3 million in 2022 to RMB27.7 million in 2023, primarily due to (i) an increase in gross profit, resulting from the increasing contribution of revenue from SaaS business, and (ii) a decrease in our research and development expenses, resulting from the enhanced efficacy and cost-efficiency of our research and development efforts.

### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, we generated revenue from our SaaS business and precision marketing services, and we recorded a significant increase in our revenue from SaaS business and precision marketing services. The following table sets forth a breakdown of our revenue by business segment in absolute amounts and as a percentage of our total revenue for the years indicated:

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

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### *SaaS Business*

We deliver comprehensive and diversified SaaS products to our users to fulfill their various marketing and customer relationship management demands. As of December 31, 2023, our SaaS product matrix comprised 237 functional modules. Our revenue from SaaS business was largely generated from the subscription fee that we charge our users. For details on our revenue recognition policy with respect to our SaaS business, see “ – Material Accounting Policy Information and Estimates – Revenue Recognition – SaaS Business.”

Our revenue from SaaS business increased from RMB438.6 million in 2021 to RMB529.9 million in 2022, and further to RMB702.4 million in 2023. The number of users of our SaaS business slightly decreased from 24,127 in 2021 to 23,647 in 2022, primarily due to our reduced marketing activities and higher customer attrition resulting from the adverse impact of the COVID-19 pandemic. In addition, our average contract value per user decreased from RMB45,026 in 2021 to RMB41,584 in 2022, primarily due to that our users reduced marketing and sales spend in light of the resurgences of the COVID-19 pandemic in 2022. Nonetheless, our revenue from SaaS business increased in 2022, primarily attributable to the increase in the contract value from users’ subscription in 2021 as compared to 2020, a portion of which was subsequently recognized as revenue in 2022. The revenue from our SaaS business increased by 32.6% from RMB529.9 million in 2022 to RMB702.4 million in 2023, benefiting from the increase in the number of users of our SaaS business from 23,647 in 2022 to 25,495 in 2023, as well as the increase in the average contract value per user from RMB41,584 in 2022 to RMB51,238 in 2023.

### *Precision Marketing Services*

Our precision marketing services comprise (i) online advertisement solution services, and (ii) online advertisement distribution services. We recognize revenue generated under our contracts with advertising customers for online advertisement solution services, where we act as the principal, on a gross basis. We recognize revenue generated under our contracts with advertising customers for online advertisement distribution services, where we act as the agent, on a net basis. For further details on our revenue recognition policy, see “– Material Accounting Policy Information and Estimates – Revenue Recognition – Precision Marketing Services.”

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The following table sets forth a breakdown of our revenue generated from precision marketing services for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
Online advertisement solution services	355,330	81.0	529,158	86.3	445,033	84.0
Online advertisement distribution services	83,259	19.0	83,741	13.7	84,709	16.0
<b>Revenue</b>	<b><u>438,589</u></b>	<b><u>100.0</u></b>	<b><u>612,899</u></b>	<b><u>100.0</u></b>	<b><u>529,742</u></b>	<b><u>100.0</u></b>

Revenue generated from our precision marketing services increased from RMB438.6 million in 2021 to RMB612.9 million in 2022. This was primarily attributable to the increase in revenue from online advertisement solution services, which was recognized on a gross basis. The rapid growth of the revenue from our online advertisement solution services was primarily due to (i) the continuous enhancement of our marketing capability and improvement of service quality, helping us to further raise our brand awareness and attract more advertising customers for our online advertisement solution services; (ii) our strategic focus on quality advertising customers with stronger marketing needs and the willingness to procure professional marketing services from us; and (iii) the fast development of the online marketing market in China, where we strive to capture and address the concerns of the growing number of enterprises with marketing demands.

Revenue generated from our precision marketing services decreased from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily due to the decrease in the revenue from online advertisement solution services, which was mainly attributable to the decrease in the number of advertising customers for online advertisement solution services. Such decrease was mainly due to that we proactively adjusted our customer portfolio based on the factors such as the customers' credit history, business prospect and gross billing. This is in line with our general strategy to focus on the advertisement distribution services going forward, with a view to improving overall profitability and operation efficiency while minimizing risk exposure.

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The following table illustrates the reconciliation of our gross billing and our revenue under precision marketing services for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Gross billing	4,646,707	5,875,889	6,308,073
Less: advertising traffic charges from media platforms (netting off the rebates from media platforms)	4,208,118	5,262,990	5,778,331
<b>Revenue</b>	<b>438,589</b>	<b>612,899</b>	<b>529,742</b>

The following table sets forth a breakdown of our number of advertising customers and average spending per advertising customers for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Gross billing <i>(RMB in thousands)</i>	4,646,707	5,875,889	6,308,073
Number of advertising customers	845	998	1,042
– For online advertisement solution services	8	3	2
– For online advertisement distribution services	837	995	1,040
Average spending per advertising customers <sup>(1)</sup> <i>(RMB in thousands)</i>	5,499	5,888	6,054

*Note:*

- (1) The average spending per advertising customers refers to the average gross billing generated per advertising customers for the relevant year.

### Cost of Services

Our cost of services primarily consists of (i) advertising traffic costs on media platforms, which largely represents the costs we pay to media platforms to purchase traffic in connection with our precision marketing services, (ii) broadband and other hardware cost, which was mainly related to the broadband services and hardware such as servers for our SaaS business, (iii) employee benefit expenses, (iv) tax and surcharges, and (v) depreciation and amortization. With regard to depreciation and amortization, the amortization period and the amortization method for an intangible asset other than goodwill with a finite useful life are reviewed at least at each financial year end. The principal annual rate applied for this purpose is between 10% to 20% for our the software, which represents five to 10 years of useful life. We estimated the useful life of software based on difference pace of technological updating and market demand for services provided by using these assets. See Note 2.4 to the Accountants' Report in Appendix I to this prospectus.

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According to Frost & Sullivan, the cost structure of the cost of services of our SaaS business and precision marketing business are generally in line with those of other major market players. For SaaS business, the cost of services primarily includes their employee benefits and IT costs, representing approximately 10%-35% and 50%-80% of the cost of sales, respectively; for precision marketing business, advertising traffic procurement cost to media platforms typically contributes 90%-99% of cost of services.

The following table sets forth a breakdown of our cost of services by nature in absolute amounts and as a percentage of our total cost of services for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except percentages)</i>						
Advertising traffic costs on media platforms	346,125	86.7	520,813	89.4	437,532	83.2
Broadband and other hardware cost	33,183	8.3	36,210	6.2	60,617	11.5
Employee benefit expenses	13,427	3.3	20,894	3.6	20,096	3.8
Tax and surcharges	3,484	0.9	1,178	0.2	2,470	0.5
Depreciation and amortization	3,205	0.8	3,643	0.6	5,223	1.0
<b>Total</b>	<b><u>399,424</u></b>	<b><u>100.0</u></b>	<b><u>582,738</u></b>	<b><u>100.0</u></b>	<b><u>525,938</u></b>	<b><u>100.0</u></b>

During the Track Record Period, advertising traffic costs on media platforms constituted the largest component of our cost of services, which are attributable to our online advertisement solution services. Our advertising traffic costs on media platforms increased from RMB346.1 million in 2021 to RMB520.8 million in 2022. This was generally in line with the business growth of our online advertisement solution services. Our advertising traffic costs on media platforms decreased from RMB520.8 million in 2022 to RMB437.5 million in 2023, which was in line with the decrease in the revenue from online advertisement solution services. In 2021, 2022 and 2023, cost of precision marketing services accounted for a larger portion of our cost of services, representing 89.1%, 90.2% and 83.6% of our cost of services in relevant year respectively. In contrast, during the Track Record Period, cost of services in relation to our SaaS business accounted for 10.9%, 9.8% and 16.4% of our cost of services in relevant year respectively.

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

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
SaaS business	43,550	10.9	57,192	9.8	86,223	16.4
Precision marketing services	355,874	89.1	525,546	90.2	439,715	83.6
<b>Total</b>	<b>399,424</b>	<b>100.0</b>	<b>582,738</b>	<b>100.0</b>	<b>525,938</b>	<b>100.0</b>

### Gross Profit and Gross Margin

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

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

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During the Track Record Period, our gross profit increased robustly along with our increasing revenue because of our business growth, and in particular, the growth in our SaaS business. Our overall gross margins decreased from 54.5% in 2021 to 49.0% in 2022, and increased to 57.3% in 2023. The fluctuations in our overall gross margins were generally in line with the changes in our revenue structure, as the revenue contribution from SaaS business with a relatively higher gross profit margin accounted for 50.0%, 46.4% and 57.0% of our total revenue in 2021, 2022 and 2023, respectively. Our SaaS business recorded higher gross margin than precision marketing services because of the different cost structures. For SaaS business, the cost of services primarily includes employee benefit expenses, broadband and other hardware, depreciation and amortization and other costs, with employee benefit expenses and broadband and other hardware costs contributing the majority of cost of services. Following the initial investments in broadband and other hardware at the commencement of SaaS business, we are able to benefit from the economies of scale, and the depreciation and amortized costs are typically insignificant in absolute amount. In addition, the employee benefit expenses generally do not increase proportionately to the growth of SaaS revenue, thus accounting for the relatively higher gross margin. For precision marketing business, substantially all of the cost of services comes from the traffic procurement cost to media platforms for our online advertisement solution services, which is typically large in absolute amount and accounts for the relatively lower gross margin.

Benefiting from the business growth and economies of scale, the gross margin of our SaaS business was 90.1% in 2021 and remained relatively stable at 89.2% in 2022. The gross margin of our SaaS business slightly decreased to 87.7% in 2023, primarily attributable to an increase in the procurement of advertising data service to enhance the performance of our SaaS products.

The gross margins of our precision marketing service fluctuated during the Track Record Period, being 18.9% in 2021, 14.3% in 2022 and 17.0% in 2023, generally in line with the changes in the revenue structure. Revenue generated from our online advertisement solution services, accounting for 81.0%, 86.3% and 84.0% in 2021, 2022 and 2023, respectively, was recognized on a gross basis and entailed a relatively lower gross margin of 2.4%, 1.5% and 1.7% in 2021, 2022 and 2023, respectively. By comparison, revenue generated from our online advertisement distribution services was recognized on a net basis with a higher gross margin of 89.2%, 94.8% and 97.6% for the same years, respectively. The fluctuations in the gross margin of online advertisement solution services were primarily attributable to the changes in rebate rates received from media platforms and granted to customers. See “Business – Precision Marketing – Rebates.” The overall increase in the gross margin of online advertisement distribution services was primarily due to a decrease in the staff costs as we enhanced the operational efficiency of our teams. For example, we have developed our proprietary automatic charging system. Once an advertising customer submits an account recharge request, the system autonomously reviews the request and finalizes the top-up procedures, eliminating the time of logging into the media platform backend to place orders manually for our operation teams. Moreover, when producing advertising content, our team uses advertisement design tools to facilitate the production of advertising materials based on the proposals provided by advertising customers as a supplement to traditional content production methods. These measures have helped us streamline our work processes and effectively improved personnel efficiency.

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### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses of our sales and marketing personnel, (ii) contract acquisition costs, which represents the payment we make to our channel partners for our SaaS business, (iii) office and rental expenses, and (iv) marketing and promotion expenses, which represents the costs incurred from our sales and marketing activities relating to our SaaS business. Our selling and distribution expenses accounted for 32.4%, 27.6% and 26.5% of our revenue in 2021, 2022 and 2023, respectively.

The following table sets forth a breakdown of the major components of our selling and distribution expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	170,272	195,574	186,776
Contract acquisition costs	32,225	32,780	34,747
Office and rental expenses	28,032	20,522	24,137
Marketing and promotion expenses	31,673	31,474	45,595
Depreciation and amortization	21,956	34,645	35,543
<b>Total</b>	<b><u>284,158</u></b>	<b><u>314,995</u></b>	<b><u>326,798</u></b>

Our employee benefit expenses for our sales and marketing personnel increased RMB170.3 million in 2021 to RMB195.6 million in 2022, primarily because we maintained a reasonable size of sales team and raised our hiring standards and compensation levels in 2022. Our employee benefit expenses for our sales and marketing personnel decreased from RMB195.6 million in 2022 to RMB186.8 million in 2023, primarily due to the decrease in the monthly average number of sales and marketing personnel from 1,227 in 2022 to 957 in 2023. See “Business – Employees.” In addition, we granted performance-based bonus to direct sales team of RMB7.0 million, RMB3.5 million and RMB2.9 million in 2021, 2022 and 2023, respectively, and the total sales commission amounted to RMB18.1 million, RMB17.4 million and RMB20.0 million for 2021, 2022 and 2023, respectively. See “Business – Sales and Marketing – SaaS Business.”

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Our depreciation and amortization increased from RMB22.0 million in 2021 to RMB34.6 million in 2022, and further increased to RMB35.5 million in 2023, primarily because we leased more office properties and purchased more office equipments along with the expansion of our business scale.

### Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses for our administrative personnel, (ii) office and rental expenses, (iii) depreciation and amortization, (iv) share-based payment expenses, (v) professional service fees and (vi) listing expense. Our employee benefit expenses for our administrative personnel increased from RMB92.7 million in 2021 to RMB105.0 million in 2022, primarily due to the increased average compensation to strengthen our headquarter functions. Our employee benefit expenses for our administrative personnel decreased from RMB105.0 million in 2022 to RMB99.9 million in 2023, primarily due to the decrease in the monthly average number of administrative personnel from 536 in 2022 to 447 in 2023. Our depreciation and amortization increased from RMB19.8 million in 2021 to RMB28.3 million in 2022, and further increased to RMB30.2 million in 2023, primarily because we leased more office properties and purchased more office equipments along with the expansion of our business scale. We recorded professional service fees of RMB18.1 million in 2021, which primarily represented expenses that we incurred for the consulting and professional services incurred from financing activities. Our administrative expenses accounted for 19.6%, 16.5% and 16.5% of our revenue in 2021, 2022 and 2023, respectively.

The following table sets forth a breakdown of the components of our general and administrative expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	92,712	104,977	99,946
Office and rental expenses	26,672	18,435	22,078
Depreciation and amortization	19,825	28,316	30,213
Share-based payment expenses	7,952	8,378	8,378
Professional service fees	18,079	4,979	6,889
Listing expense	3,921	14,665	25,549
Others	2,871	9,181	10,839
	<b>172,032</b>	<b>188,931</b>	<b>203,892</b>
<b>Total</b>	<b>172,032</b>	<b>188,931</b>	<b>203,892</b>

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### Research and Development Expenses

Our research and development efforts mainly focus on developing and upgrading technologies and functional modules for our SaaS products. Our research and development expenses primarily consist of (i) employee benefit expenses for our R&D personnel, (ii) depreciation and amortization, and (iii) office and rental expenses. Employee benefit expenses for our R&D personnel increased from RMB116.2 million in 2021 to RMB172.8 million in 2022, primarily due to the expansion of our R&D team throughout the year. In particular, employee benefit expenses for our R&D personnel and the number of our R&D personnel increased significantly in 2021, primarily because we launched various projects to further enhance the data analytics, integration and processing capabilities of the Marketingforce platform. Our R&D team is essential to the improvement of our core technological capabilities to help our SaaS products stay competitive, such as upgrading and iterating the functional modules and enhancing the data analytics capability of the Marketingforce platform. Our employee benefit expenses for our R&D personnel decreased from RMB172.8 million in 2022 to RMB149.8 million in 2023, primarily due to the decrease in the monthly average number of R&D personnel from 596 in 2022 to 511 in 2023, as we streamlined our R&D forces and outsourced certain ancillary R&D tasks to third-party technical service providers, such as the development of system browser extensions that enhance the functionality of our products. Meanwhile, we focus on the in-house R&D activities on core technologies development, which allows us to further upgrade functional modules for our SaaS products and enhance the data analytics capability of our Marketingforce platform. See “Business – Research and Development.” Our research and development expenses accounted for 18.3%, 19.7% and 17.0% of our revenue in 2021, 2022 and 2023, respectively. To maintain our strength in R&D capabilities, we have been and will continue to invest in R&D activities.

The following table sets forth a breakdown of the components of our research and development expenses for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Employee benefit expenses	116,225	172,795	149,777
Depreciation and amortization	20,065	26,063	27,828
Office and rental expenses	15,620	16,619	11,592
Professional service fees	8,678	9,144	20,840
	<b>160,588</b>	<b>224,621</b>	<b>210,037</b>
<b>Total</b>	<b>160,588</b>	<b>224,621</b>	<b>210,037</b>

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### Other Income and Gains

Our other income and gains primarily consist of (i) additional deductible input VAT, (ii) government grants, and (iii) bank interest income. The following table sets forth a breakdown of the major components of our other income and gains for the years indicated:

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Additional deductible input VAT	32,525	33,239	25,332
Government grants	6,650	11,947	12,727
Bank interest income	526	1,109	1,048
Gains on disposal of right-of-use assets and lease liabilities	13	208	424
Gains on modification of right-of-use assets and lease liabilities	–	–	281
Foreign exchange gains, net	–	971	–
Others	62	228	92
	<u>62</u>	<u>228</u>	<u>92</u>
<b>Total</b>	<b><u>39,776</u></b>	<b><u>47,702</u></b>	<b><u>39,904</u></b>

Additional deductible input VAT provided to us related to VAT deduction for eligible companies, which was conditional in nature. VAT deduction refers to a certain percentage (10% between April 2019 to December 2022 and 5% for the year of 2023) weighted deduction of creditable input VAT from the tax amount payable. The deduction is calculated based on the cost of services of our SaaS business and precision marketing solution services registered with the relevant tax authorities, pursuant to the Circular Announcement on Deepening Policies Related to VAT Reform (《財政部稅務總局海關總署關於深化增值稅改革有關政策的公告》) issued by the MOF, the STA and the General Administration of Customs in March 2019 and subsequent related laws and policies. See “Regulatory Overview – Regulations – Regulations Relating to Tax in the PRC – Value-Added Tax.”

### Finance Costs

Our finance costs comprise (i) interest on redeemable preferred capital, which is related to the preferred shares, (ii) interest on interest-bearing bank borrowings, and (iii) interest on lease liabilities. Our finance costs amounted to RMB26.5 million, RMB28.0 million and RMB35.2 million in 2021, 2022 and 2023, respectively.

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### Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares represent the fair value change relating to the liability element of the convertible redeemable preferred shares issued to Pre-IPO Investors. The convertible redeemable preferred shares are initially recognized at fair value at the time of issuance. We recognize changes in the redemption element of convertible redeemable preferred shares in profit or loss. See Notes 29 to the Accountants' Report in Appendix I to this prospectus. We recorded fair value changes of convertible redeemable preferred shares of RMB122.2 million, RMB61.1 million and RMB107.8 million in 2021, 2022 and 2023, respectively.

### Other Expenses

Our other expenses primarily comprise (i) losses on disposal of items of property, plant and equipment, (ii) losses on disposal of right-of-use assets and lease liabilities, and (iii) foreign exchange losses. See Notes 9 to the Accountants' Report in Appendix I to this prospectus. Our other expenses amounted to RMB2.0 million, RMB0.1 million and RMB0.6 million in 2021, 2022 and 2023, respectively.

The table below sets for a breakdown of other expenses for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Losses on disposal of items of property, plant and equipment	132	125	30
Foreign exchange losses, net	1,422	–	60
Others	444	–	495
<b>Total</b>	<b>1,998</b>	<b>125</b>	<b>585</b>

### Impairment for Financial Assets

Impairment for financial assets represents the impairment loss recognized on financial assets under expected credit losses model. See Notes 2.4 to the Accountants' Report in Appendix I to this prospectus. Our impairment for financial assets amounted to RMB15.2 million, RMB6.5 million and RMB31.1 million in 2021, 2022 and 2023, respectively. The increase in 2023 was primarily due to the assessment of the expected credit losses for trade receivables and other receivables, taking into account the general market condition.

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### Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which our members are domiciled and operate. Under the current laws of the Cayman Islands, our Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by our Company to its shareholders, no Cayman Islands withholding tax is imposed.

The subsidiary incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period.

Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the Track Record Period unless subject to tax concession. For details of the tax concession granted to our PRC subsidiaries during the Track Record Period, see Note 12 to the Accountants’ Report in Appendix I to this prospectus. The increase in the income tax expenses during the Track Record Period was primarily due to the increase in taxable income of some subsidiaries of our Group. Our PRC Legal Advisor has confirmed that none of our PRC operating subsidiaries was subject to administrative penalties imposed by the relevant tax authorities due to serious violations of the tax laws and regulations during the Track Record Period.

In 2021, 2022 and 2023, we recorded expenses not deductible for tax of RMB19.4 million, RMB9.5 million and RMB18.7 million, respectively. Expenses not deductible for tax mainly represented the fair value loss on convertible redeemable preferred shares, which are not deductible for tax.

The following table sets forth a breakdown of the major components of our income tax expense for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Current income tax	7,509	7	–
Deferred income tax	<u>(22)</u>	<u>(39)</u>	<u>55</u>
<b>Total</b>	<b><u>7,487</u></b>	<b><u>(32)</u></b>	<b><u>55</u></b>

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### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

##### *Revenue*

Our revenue increased from RMB1,142.8 million in 2022 to RMB1,232.1 million in 2023, primarily due to the increase in the revenue from SaaS business, partially offset by the decrease in the revenue from precision marketing services.

##### *SaaS Business*

Our revenue from SaaS business increased by 32.6% from RMB529.9 million in 2022 to RMB702.4 million in 2023, primarily attributable to the increases in the number of users of our SaaS business from 23,647 in 2022 to 25,495 in 2023, and the average contract value per user from RMB41,584 in 2022 to RMB51,238 in 2023. Such increases were mainly attributable to (i) our improvement and expansion of SaaS product offerings, incentivizing the users to increase spending and (ii) our continuous dedication to customer success, helping users to better understand and create the most value of our SaaS products.

##### *Precision Marketing Services*

Our revenue from our precision marketing services decreased by 13.6% from RMB612.9 million in 2022 to RMB529.7 million in 2023, primarily attributable to the decrease in the revenue from online advertisement solution services from RMB529.2 million in 2022 to RMB445.0 million in 2023. Such decrease was mainly due to the decreased number of advertising customers of online advertisement solution services, as we proactively adjusted our customer portfolio based on factors such as the customers' credit history, business prospect and gross billing. 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.

##### *Cost of Services*

Our cost of services decreased by 9.7% from RMB582.7 million in 2022 to RMB525.9 million in 2023, primarily due to the decrease in the cost of services of our precision marketing services, partially offset by the increase in the cost of services of our SaaS business.

##### *SaaS Business*

Our cost of services of SaaS business increased by 50.7% from RMB57.2 million in 2022 to RMB86.2 million in 2023. Such increase was primarily due to the procurement of broadband, hardware and other ancillary services to enhance the performance of our SaaS products.

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### *Precision Marketing Services*

Our cost of services of precision marketing services decreased by 16.3% from RMB525.5 million in 2022 to RMB439.7 million in 2023, generally in line with the decrease in our revenue from precision marketing services in the same year.

### *Gross Profit and Gross Margin*

As a result of the foregoing, our overall gross profit increased by 26.1% from RMB560.0 million in 2022 to RMB706.2 million in 2023, and our overall gross margin increased from 49.0% in 2022 to 57.3% in 2023. The increase in our overall gross margin was primarily attributable to the increasing proportion of the revenue from our SaaS business, which is relatively higher-margin in nature.

### *SaaS Business*

Our gross profit of our SaaS business increased by 30.4% from RMB472.7 million in 2022 to RMB616.2 million in 2023. Our gross margin decreased from 89.2% in 2022 to 87.7% in 2023. The decrease in gross margin was primarily attributable to an increase in costs, which was mainly due to the procurement of advertising data service to enhance the performance of our SaaS products.

### *Precision Marketing Services*

Our gross profit of our precision marketing service increased by 3.1% from RMB87.4 million in 2022 to RMB90.0 million in 2023. The gross margin of our precision marketing service increased from 14.3% in 2022 to 17.0% in 2023. The increase was mainly attributable to the increased proportion of revenue from online advertisement distribution services, which was recognized on a net basis with relatively high gross margin.

### *Selling and Distribution Expenses*

Our selling and distribution expenses slightly increased from RMB315.0 million in 2022 to RMB326.8 million in 2023, which was primarily due to an increase in marketing and promotion expenses as a result of the increased promotion efforts along with the expansion of our SaaS business, partially offset by the decrease in employee benefit expenses resulting from the decreased monthly average number of sales and marketing personnel from 1,227 in 2022 to 957 in 2023.

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### *Administrative Expenses*

Our administrative expenses increased by 7.9% from RMB188.9 million in 2022 to RMB203.9 million in 2023, mainly due to (i) the increase in listing expense, and (ii) the increase in professional service fees, mainly incurred from the consulting services relating to our daily operations, partially offset by the decrease in employee benefit expenses resulting from the decreased monthly average number of administrative personnel from 536 in 2022 to 447 in 2023, benefiting from our efforts in enhancing the operational efficiency of administrative management.

### *Research and Development Expenses*

Our research and development expenses decreased from RMB224.6 million in 2022 to RMB210.0 million in 2023, primarily due to (i) the decrease in employee benefit expenses, resulting from the decrease in the monthly average number of R&D personnel from 596 in 2022 to 511 in 2023, partially offset by the increase in professional service fees, as we streamlined our R&D forces and outsourced certain ancillary R&D tasks to third-party technical service providers. Meanwhile, we directed our internal R&D resources towards the in-house development of core technologies.

### *Other Income and Gains*

Our other income and gains decreased by 16.4% from RMB47.7 million in 2022 to RMB39.9 million in 2023, primarily due to the decrease in government grants refunding deductible VAT that we were entitled to.

### *Finance Costs*

Our finance costs increased by 25.7% from RMB28.0 million in 2022 to RMB35.2 million in 2023, primarily due to the increase in interest on interest-bearing bank and other borrowings.

### *Fair Value Changes of Convertible Redeemable Preferred Shares*

Fair value changes of convertible redeemable preferred share increased from RMB61.1 million in 2022 to RMB107.8 million in 2023, primarily due to the fair value change relating to the liability element of the financial instruments issued to the Pre-IPO Investors.

### *Other Expenses*

Our other expenses amounted to RMB0.1 million and RMB0.6 million in 2022 and 2023, respectively.

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### *Impairment for Financial Assets*

Our impairment for financial assets amounted to RMB6.5 million and RMB31.1 million in 2022 and 2023, respectively.

### *Income Tax Expenses*

We recorded income tax credit of RMB0.0 million and income tax expense of RMB0.1 million in 2022 and 2023, respectively.

### *Loss for the Year*

As a result of the foregoing, our net loss decreased from RMB216.5 million in 2022 to RMB169.5 million in 2023.

## **Year Ended December 31, 2022 Compared to Year Ended December 31, 2021**

### *Revenue*

Our total revenue increased by 30.3% from RMB877.2 million in 2021 to RMB1,142.8 million in 2022, primarily due to the increase in the revenue from both SaaS business and precision marketing services.

### *SaaS Business*

We have recorded a lower-than-expected revenue growth for our SaaS business in 2022 as compared to 2021, because our offline sales and marketing activities and business operations have been disrupted by the COVID-19 outbreak and the pandemic control measures during the first half of 2022. Despite the negative impact brought by the pandemic, we still managed to record a revenue growth in SaaS business, which increased by 20.8% from RMB438.6 million in 2021 to RMB529.9 million in 2022, primarily attributable to the increase in the contract value from users' subscription in 2021 as compared to 2020, which was subsequently recognized as revenue in the next year. Such increase was mainly because (i) we continued to enhance sales and marketing efforts as a result of our established sales offices across China, (ii) we launched more refined products and editions launched with upgraded functional modules that address users' needs in various business scenarios, attracting new users and incentivizing the existing users to increase spending, and (iii) our relentless dedication to customer success and helping users to better understand and create the most value of our SaaS products, partially offset by the decreased average contract value per user due to the temporarily-reduced budgets of our users in light of the resurgences of the COVID-19 pandemic in 2022.

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### *Precision Marketing Services*

Revenue from our precision marketing services increased by 39.7% from RMB438.6 million in 2021 to RMB612.9 million in 2022. This was due to (i) increased revenue from online advertisement solution services from RMB355.3 million in 2021 to RMB529.2 million in 2022 and (ii) to a lesser extent, the increased revenue from online advertisement distribution services from RMB83.3 million in 2021 to RMB83.7 million in 2022. Such increases were mainly attributable to (i) the increase in the number of advertising customers from 845 in 2021 to 998 in 2022, and (ii) the increase in the average spending per advertising customers from RMB5.5 million in 2021 to RMB5.9 million in 2022. Such increases are driven by the increasing online marketing demands of enterprises in 2022, during which period certain business and sales activities have shifted to online channels due to the impact of COVID-19 outbreak.

### *Cost of Services*

Our cost of services increased by 45.9% from RMB399.4 million in 2021 to RMB582.7 million in 2022, which was generally in line with our business growth of SaaS business and precision marketing services.

### *SaaS Business*

Our cost of services of SaaS business increased by 31.3% from RMB43.6 million in 2021 to RMB57.2 million in 2022, which was generally in line with the revenue increase from SaaS business resulting from the business growth in 2022.

### *Precision Marketing Services*

Cost of services of our precision marketing services increased by 47.7% from RMB355.9 million in 2021 to RMB525.5 million in 2022. This was primarily due to the increase in advertising traffic acquisition costs on media platforms resulting from the business growth of online advertisement solution services, which was recognized on a gross basis.

### *Gross Profit and Gross Margin*

As a result of foregoing, our overall gross profit increased by 17.2% from RMB477.8 million in 2021 to RMB560.0 million in 2022, and our overall gross margin decreased from 54.5% in 2021 to 49.0% in 2022. This was primarily attributable to the increasing proportion of the revenue from our precision marketing services, which is relatively lower-margin in nature.

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### *SaaS Business*

Our gross profit of our SaaS business increased by 19.6% from RMB395.1 million in 2021 to RMB472.7 million in 2022, which was in line with our revenue growth of SaaS business. The gross margin of our SaaS business remained relatively stable at 90.1% and 89.2% in 2021 and 2022, respectively.

### *Precision Marketing Services*

Gross profit of our precision marketing services increased by 5.6% from RMB82.7 million in 2021 to RMB87.4 million in 2022, whilst gross margin of our precision marketing services decreased from 18.9% in 2021 to 14.3% in 2022. This was primarily due to the increase in the proportion of revenue from online advertisement solution services, which was recognized on gross basis with a relatively low gross profit margin.

### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by 10.8% from RMB284.2 million in 2021 to RMB315.0 million in 2022, primarily due to the increase in employee benefit expenses. The increase was mainly attributable to the growth of employee benefit expenses for our sales and marketing personnel from RMB170.3 million in 2021 to RMB195.6 million in 2022. We experienced fluctuations in the number of our sales staff in 2022, which decreased in the second quarter of 2022 as our sales and marketing activities were adversely impacted by the COVID-19 pandemic and the relevant measures. However, in the third quarter of 2022, we recruited relatively more sales staff to enhance our selling and marketing efforts in light of the improving situation of COVID-19 pandemic. Overall, in 2022, we managed to maintain a reasonable size of sales team in light of the sporadic resurgences of the COVID-19 pandemic, with the monthly average number of sales staff slightly decreasing from 1,412 in 2021 to 1,227 in 2022. In addition, in 2022, we raised our hiring standards and compensation levels to attract qualified talents to enhance our sales capabilities, further contributing to increased sales and distribution expenses.

### *Administrative Expenses*

Our administrative expenses increased by 9.8% from RMB172.0 million in 2021 to RMB188.9 million in 2022, primarily due to the increase in employee benefit expenses from RMB92.7 million in 2021 to RMB105.0 million in 2022, resulting from the increased average compensation to strengthen our headquarter functions, partially offset by decrease in professional service fees.

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### ***Research and Development Expenses***

Our research and development expenses increased by 39.9%, from RMB160.6 million in 2021 to RMB224.6 million in 2022. This was primarily due to (i) the increase in employee benefit expenses resulting from the increased average compensation for our R&D personnel to continue investing in R&D on our SaaS business, and (ii) the increase in professional services incurred by the R&D projects focusing on product upgrade and iteration of our SaaS products, and the enhancement of the data analytics capability of the data middle platform.

### ***Other Income and Gains***

Our other income and gains increased by 19.9% from RMB39.8 million in 2021 to RMB47.7 million in 2022, primarily due to the increase in government grants refunding deductible VAT that we were entitled to.

### ***Finance Costs***

Our finance costs remained relatively stable at RMB26.5 million and RMB28.0 million in 2021 and 2022, respectively.

### ***Fair Value Changes of Convertible Redeemable Preferred Shares***

Fair value changes of convertible redeemable preferred share decreased by 50.0% from RMB122.2 million in 2021 to RMB61.1 million in 2022, primarily due to the fair value change relating to the liability element of the financial instruments issued to the Pre-IPO Investors.

### ***Other Expenses***

Our other expenses amounted to RMB2.0 million and RMB0.1 million in 2021 and 2022, respectively.

### ***Impairment for Financial Assets***

Our impairment for financial assets amounted to RMB15.2 million and RMB6.5 million in 2021 and 2022, respectively.

### ***Income Tax Expense***

We recorded income tax expense of RMB7.5 million in 2021 and income tax credit of RMB0.0 million in 2022.

### ***Loss for the Year***

As a result of the foregoing, our net loss decreased from RMB272.6 million in 2021 to RMB216.5 million in 2022.

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### DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

#### Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
<b>Non-Current assets</b>			
Property, plant and equipment	110,109	121,422	93,353
Right-of-use assets	155,414	172,663	115,316
Intangible assets	5,092	3,761	2,884
Prepayments, other receivables and other assets	7,995	14,994	17,459
Deferred tax assets	23	55	–
Contract acquisition cost	364	1,108	1,390
	<u>278,997</u>	<u>314,003</u>	<u>230,402</u>
<b>Non-Current liabilities</b>			
Lease liabilities	126,277	136,597	89,643
Other payables and accruals	1,428	1,575	3,370
Contract liabilities	57,296	64,718	66,337
Convertible redeemable preferred shares	942,483	1,096,475	–
Deferred tax liabilities	7	–	–
	<u>1,127,491</u>	<u>1,299,365</u>	<u>159,350</u>

#### Property, Plant and Equipment

Our property, plant and equipment increased by 10.3% from RMB110.1 million as of December 31, 2021 to RMB121.4 million as of December 31, 2022, primarily due to the procurement of office equipment, furniture and fixtures for our newly established second headquarter in Wuhan. Our property, plant and equipment decreased by 23.1% from RMB121.4 million as of December 31, 2022 to RMB93.4 million as of December 31, 2023, primarily due to the depreciation charge and the decreased additions during the year.

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### Right-of-Use Assets

Our right-of-use assets primarily comprised leasehold land and office premises. Our right-of-use assets increased by 11.1% from RMB155.4 million as of December 31, 2021 to RMB172.7 million as of December 31, 2022. Such increase was primarily because we leased additional office premises along with our business expansion. Our right-of-use assets decreased by 33.2% from RMB172.7 million as of December 31, 2022 to RMB115.3 million as of December 31, 2023, primarily due to depreciation of leases.

### Convertible Redeemable Preferred Shares

In 2021, we entered into subscription agreements with the Pre-IPO Investors and issued the convertible redeemable preferred shares. For further details of the identity and background of the the Pre-IPO Investors, and the principal terms of the relevant investments, see “History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments.” As of December 31, 2021, 2022 and 2023, we recorded non-current convertible redeemable preferred shares of RMB942.5 million, RMB1,096.5 million and nil, respectively. These amounts were recognized as non-current liabilities in 2021 and 2022. Such convertible redeemable preferred shares were recategorized as current liabilities in 2023, amounting to RMB1,223.8 million, as the redemption rights were set to mature in less than twelve months as of December 31, 2023. In January 2024, the shares were categorized back to non-current liabilities due to the changes on the redemption rights pursuant to the amended memorandum and articles of association. See Notes 2.2 and 27 to the Accountants’ Report in Appendix I to this prospectus. They would not, however, have an impact on our cash position or capital resources upon the Listing. Upon the Listing and the conversion of such convertible redeemable preferred shares into our ordinary shares, such liability will be derecognized.

### Net Current Assets/(Liabilities)

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	March 31,
	<i>(RMB in thousands)</i>			<b>2024</b>
				<i>(unaudited)</i>
<b>Current assets</b>				
Trade and bills receivables	174,218	130,886	112,663	132,937
Contract acquisition cost	19,790	14,314	38,406	37,320
Prepayments, other receivables and other assets	1,114,108	1,399,852	1,711,324	1,606,626

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	<b>As of December 31,</b>			<b>As of</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>March 31,</b>
	<i>(RMB in thousands)</i>			<b>2024</b>
				<i>(unaudited)</i>
Financial assets at fair value through other comprehensive income	–	2,055	1,602	14
Tax recoverable	8,306	2,707	–	–
Restricted cash	–	9,109	20,481	1,786
Short-term bank deposits	–	–	50,000	–
Pledged deposits	–	–	–	50,000
Cash and cash equivalents	<u>215,658</u>	<u>203,506</u>	<u>138,022</u>	<u>270,075</u>
<b>Total current assets</b>	<b><u>1,532,080</u></b>	<b><u>1,762,429</u></b>	<b><u>2,072,498</u></b>	<b><u>2,098,758</u></b>
<b>Current liabilities</b>				
Trade payables	15,568	43,669	50,950	44,594
Other payables and accruals	213,642	581,544	612,701	570,667
Interest-bearing bank and other borrowings	507,432	412,878	619,812	727,994
Lease liabilities	43,248	71,358	54,304	41,389
Contract liabilities	357,793	418,848	509,788	418,934
Tax payable	4,358	7	7	7
Convertible Redeemable preferred capital	–	–	1,223,789	–
Other current liabilities	<u>24,231</u>	<u>28,656</u>	<u>32,894</u>	<u>27,207</u>
<b>Total current liabilities</b>	<b><u>1,166,272</u></b>	<b><u>1,556,960</u></b>	<b><u>3,104,245</u></b>	<b><u>1,830,792</u></b>
<b>Net current (liabilities)/assets</b>	<b><u>365,808</u></b>	<b><u>205,469</u></b>	<b><u>(1,031,747)</u></b>	<b><u>267,966</u></b>

We had net current assets of RMB268.0 million as of March 31, 2024, compared to net current liabilities of RMB1,031.7 million as of December 31, 2023, primarily due to the recategorization of convertible redeemable preferred capital to non-current liabilities. See “– Convertible Redeemable Preferred Shares.”

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We had net current liabilities of RMB1,031.7 million as of December 31, 2023, compared to net current assets of RMB205.5 million as of December 31, 2022, primarily due to (i) the record of convertible redeemable preferred capital of RMB1,223.8 million that was recognized as current liabilities in 2023, (ii) an increase of RMB206.9 million in interest bearing bank and other borrowings, and (iii) an increase of RMB90.9 million in contract liabilities partially offset by an increase of RMB311.5 million in prepayments, other receivables and other assets, which was mainly in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services.

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

We recorded net liabilities of RMB482.7 million and RMB779.9 million as of December 31, 2021 and 2022, respectively. The increase was mainly attributable to the loss for the year of RMB216.5 million in 2022 and exchange differences on translation of RMB89.1 million in 2022. Our net liabilities increased from RMB779.9 million as of December 31, 2022 to RMB960.7 million as of December 31, 2023, primarily due to the loss for the year of RMB169.5 million in 2023 and exchange differences on translation of RMB19.7 million in 2023. All of the convertible redeemable preferred shares will be converted into ordinary shares of our Company and the liabilities of the convertible redeemable preferred shares will be derecognized and accounted for as an increase in equity upon the Listing. We expect our net liability position will turn into a net asset position upon the Listing.

### **Trade and Bills Receivables**

Our trade receivables primarily relate to the amounts due from (i) our advertising customers of our precision marketing services, and (ii) users of our SaaS business. Our bills receivables mainly relate to the amounts due from our advertising customers of our online advertisement distribution services.

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The following table sets forth our trade and bills receivables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Bills receivables	116,154	12,650	1,436
Trade receivables	74,454	129,799	129,139
Impairment	(16,390)	(11,563)	(17,912)
<b>Total</b>	<b><u>174,218</u></b>	<b><u>130,886</u></b>	<b><u>112,663</u></b>

During the Track Record Period, we have implemented effective credit management system and policies. For our precision marketing services, our trading terms with customers are mainly on credit, and we normally provide our customers with a credit term not exceeding 90 days subject to the creditworthiness of the relevant customers according to our customer credit management system. For our SaaS business, we typically require users to pay upfront before the delivery of SaaS products, while allowing credit term for up to three months upon delivery of products or services for certain high-value customers.

The following table sets forth an aging analysis of our trade receivables based on the date of recognition and net of allowance as of the dates indicated:

	<b>As of December 31,</b>					
	<b>2021</b>		<b>2022</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<i>(RMB in thousands, except percentages)</i>					
Within 90 days	44,753	75.6	108,465	91.7	72,757	65.4
90 to 180 days	4,799	8.1	6,267	5.3	20,530	18.5
181 days to 1 year	3,885	6.6	1,001	0.8	14,128	12.7
Over 1 year	5,751	9.7	2,637	2.2	3,823	3.4
<b>Total</b>	<b><u>59,188</u></b>	<b><u>100.0</u></b>	<b><u>118,370</u></b>	<b><u>100.0</u></b>	<b><u>111,238</u></b>	<b><u>100.0</u></b>

Our trade receivables increased from RMB74.5 million as of December 31, 2021 to RMB129.8 million as of December 31, 2022, primarily due to: (i) the revenue from online advertisement solution services increased along with our business expansion, under which we grant credit terms to our customers, and (ii) some of our customers slowed down the settlement process due to the adverse impact of COVID-19 resurgences in 2022. Our trade receivables remained relatively stable, being RMB129.8 million as of December 31, 2022 and RMB129.1 million as of December 31, 2023. We had an increase in the trade receivables aged over 90 days as of December 31, 2023, mainly due to the increase in the trade receivables from certain major advertising customers, who have established long-term business relationship with us and were granted longer credit period. As of March 31, 2024, RMB25.1 million, or approximately 65.3% of trade receivables aged over 90 days as of December 31, 2023 had been settled.

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The following table sets forth the major components of our bills receivables as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Discounted but not derecognized bills	115,116	12,650	–
Bills receivables on hand	1,038	–	1,436
<b>Total</b>	<b>116,154</b>	<b>12,650</b>	<b>1,436</b>

Historically, certain of our advertising customers of online advertisement distribution services made payments by bank acceptance bills. Under our accounting policy, we assess the financial risk associated with these bills, and retain the risks and rewards by recognizing them as bills receivables until such bills become due, at which time the risk is considered eliminated. As all bank acceptance bills received in 2021 became due in 2022 and were derecognized, the balance of discounted but not derecognized bank acceptance bills decreased to RMB12.7 million as of December 31, 2022, leading to the decrease in bills receivables from RMB116.2 million as of December 31, 2021 to RMB12.7 million as of December 31, 2022. As of December 31, 2023, we recorded bills receivables of RMB1.4 million.

As of December 31, 2021, 2022 and 2023, our bills receivables within one year based on the date of recognition and net of allowance amounted to RMB115.0 million, RMB12.5 million and RMB1.4 million, respectively. As of December 31, 2023, substantially all of our bills receivables were within one year.

We have also implemented trade and bills receivables management policies to monitor and enhance the collection of trade and bills receivables in the ordinary course of business. Our finance department is responsible for preparing a monthly report of the collection process of trade and bills receivables. We assign the collection of trade and bills receivables to our sales team. The responsible sales team should contact relevant customers in an expeditious manner for the settlement of payment following the commencement of relevant services or the delivery of relevant products, and the sales team is required to maintain frequent communications with our customers to ensure effective credit control. If the customer cannot make immediate settlement when the payment is overdue, the sales team will contact the customer and implement a payment plan to ensure the recoverability of the trade and bills receivables. Specifically, for each customer whose receivables are aged over two years with total amount exceeding RMB0.5 million, we would issue a written notice to such customer. If the payment is not made within 30 days following the issuance of the written notice, we would transfer the case to our legal department where appropriate, and our legal department will take actions, including legal proceedings for collection if necessary.

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We have assessed the recoverability of the relevant outstanding trade and bills receivables by taking into account of financial position of our customers, credit rating and credit history of our customers, the years of relationship between our Group and customers and future changes in market or environment that have a significant adverse effect on our customers' ability to meet their payment obligation to us and other factors. We believe that the risk of not being able to recover the relevant trade and bills receivables is relatively low primarily because we have evaluated the customers' historical credit standings.

We apply the approach to make provisions for expected credit losses prescribed by IFRS 9. As of December 31, 2021, 2022 and 2023, the expected credit loss rate for bills receivables was 0.97%, 1.06% and 0.77%, respectively. The fluctuation of expected loss rate for bills receivables was primarily due the change in the composition of bills receivables, which include commercial acceptance bills and bank acceptance bills. Compared with bank acceptance bills, commercial acceptance bills feature higher credit risks, thus resulting in higher expected credit loss rates. In addition, notwithstanding the relatively lower credit risks, the credit risks of bank acceptance bills vary among different acceptance banks. Therefore, the average expected credit loss rates would fluctuate along with the changes in the composition of bills receivables.

Our policy for impairment loss on trade and bills receivables is based on an evaluation of collectability and aging analysis of the receivables, which requires the use of judgment and estimation, considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of the customers and influence from macro economy. We closely review the trade and bills receivable balance and any overdue balances on an ongoing basis and assess the collectability of overdue balances. As of December 31, 2021, 2022 and 2023, impairment for trade and bills receivables amounted to RMB16.4 million, RMB11.6 million and RMB17.9 million, respectively. For further information about our accounting for trade and bills receivables and description of ECL information, see Note 20 to the Accountants' Report included in Appendix I to this prospectus. In light of the above, we believe that there is no recoverability issue of trade and bills receivables, and that sufficient provision has been made.

The following table sets forth the turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade receivables turnover days <sup>(1)</sup>	<u>48</u>	<u>33</u>	<u>38</u>

*Note:*

- (1) Trade receivables turnover days equal to the average of the opening and closing trade receivables balances for the period divided by total revenue for the relevant period, multiplied by the number of days in the relevant period.

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Our trade receivables turnover days decreased from 48 days in 2021 to 33 days in 2022 primarily due to (i) the tightened credit term policies in 2021 for our SaaS products, typically requiring users to pay upfront before the delivery of SaaS products, and (ii) enhanced management over trade receivables. Our trade receivables turnover days increased from 33 days in 2022 to 38 days in 2023, primarily because we extended the credit term for certain of our advertising customers who had good creditworthiness.

As of March 31, 2024, RMB84.0 million, or approximately 74.6% of our trade and bills receivables as of December 31, 2023 had been settled.

### Prepayments, Other Receivables and Other Asset (Current)

Our prepayments, other receivables and other assets primarily comprise (i) other receivables in relation to prepayment on behalf of advertisers – third parties, which mainly represent the amount due from advertising customers that purchased our online advertisement distribution services, (ii) other prepayments, (iii) other tax recoverable, and (iv) deposits and other receivables.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,065,794	1,334,168	1,670,000
Other prepayments	26,132	20,592	23,637
Other tax recoverable	17,560	39,978	27,966
Deposits	15,028	22,930	12,603
Prepayments for purchasing advertising traffic	9,853	2,885	4,758
Capitalization of listing expenses	1,307	3,321	1,146
Contract fulfillment cost	–	–	6,663
Others	872	605	5,034
Impairment allowance	(22,438)	(24,627)	(40,483)
<b>Total</b>	<b>1,114,108</b>	<b>1,399,852</b>	<b>1,711,324</b>

Our prepayments, other receivables and other assets increased from RMB1,114.1 million as of December 31, 2021 to RMB1,399.9 million as of December 31, 2022, and further increased to RMB1,711.3 million as of December 31, 2023, primarily due to the increase in other receivables in relation to prepayments on behalf of advertisers to third parties resulting from the business growth in our online advertisement distribution services. In the online advertisement distribution services, we sometimes make payments to media platforms on

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behalf of advertisers before receiving the payment from these advertising customers. Such payments on behalf of advertisers are recognized as other receivables. According to Frost & Sullivan, it is not uncommon to make prepayments on behalf of advertising customers to third-party media platforms in the industry in which we operate, with reference to the publicly disclosed information of the listed companies regarding their online advertisement distribution services as well as interviews with industry experts, and our relatively significant balance of other receivables in relation to prepayments on behalf of advertising customers to third-party media platforms is consistent with the industry norm. According to Frost & Sullivan, the average range of the balance of other receivables in relation to prepayments on behalf of advertisers to third party media platforms to revenue from online advertisement distribution services varied from 50% to 300%, as there is an increasing number of market participants who grant longer credit period to qualified customers with good creditworthiness to better capture the market opportunities.

Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,065.8 million as of December 31, 2021 to RMB1,334.2 million as of December 31, 2022, primarily due to the increase in the amount of advances made to media platforms on behalf of our advertisers along with the increase in the gross billing of online advertisement distribution services. Other receivables in relation to prepayment on behalf of advertisers increased from RMB1,334.2 million as of December 31, 2022 to RMB1,670.0 million as of December 31, 2023, primarily because we extended credit terms for a few of our advertising customers with long credit terms since the second half of 2022. After we provided an extension to the credit terms for these customers, we continued to enter into transactions with them and recorded additional other receivables in relation to prepayments on behalf of advertiser of RMB831.4 million under the extended credit term as of December 31, 2022, accounting for 62.3% of the total balance as of the same date. As of December 31, 2023, the other receivables in relation to prepayments on behalf of advertiser, arising from transactions with such customers under the extended credit term, reached RMB1,335.6 million, accounting for 80.0% of the total balance of other receivables in relation to prepayments on behalf of advertiser as of the same date.

We typically grant a credit term not exceeding 90 days to our advertising customers for online advertisement distribution services. In 2022, it became common for quality advertising customers to seek longer credit terms amid the COVID-19 resurgences and intense market competition. Considering our longstanding relationships with some of our advertising customers, we granted certain grace period (mainly from 90 days to 180 days after invoice date) to such advertising customers in addition to the credit period. For example, the four largest advertising customers in terms of the ending balance amounts of other receivables in relation to prepayment on behalf of advertising customers as of December 31, 2022 were granted the longer credit terms. Our business relationships with the four advertising customers ranged approximately from three to five years.

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The following table sets forth an aging analysis of our other receivables in relation to prepayment on behalf of advertisers as of the end of each of the years comprising the Track Record Period:

	As of December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except percentages)</i>					
Within 90 days	738,783	69.4	619,678	46.5	840,096	50.3
90 days to 180 days	218,842	20.5	446,009	33.4	414,948	24.9
181 days to 1 year	95,346	8.9	258,588	19.4	390,966	23.4
Over 1 year	12,823	1.2	9,893	0.7	23,990	1.4
<b>Total/Overall</b>	<b><u>1,065,794</u></b>	<b><u>100.0</u></b>	<b><u>1,334,168</u></b>	<b><u>100.0</u></b>	<b><u>1,670,000</u></b>	<b><u>100.0</u></b>

Other receivables in relation to prepayment on behalf of advertisers aged over 90 days increased from RMB327.0 million as of December 31, 2021 to RMB714.5 million as of December 31, 2022, primarily because (i) we continued expanding the business scale of our online advertisement distribution services and (ii) we granted longer credit terms to some of our advertising customers who had good creditworthiness and longstanding relationships with us amid the COVID-19 resurgences and the intense market competition. The balance aged over 90 days and outstanding beyond the applicable credit terms increased from RMB113.4 million as of December 31, 2021 to RMB141.9 million as of December 31, 2022, which decreased as a percentage of total balance aged over 90 days from 34.7% as of December 31, 2021 to 19.9% as of the same date in 2022.

Other receivables in relation to prepayment on behalf of advertisers aged over 90 days increased from RMB714.5 million as of December 31, 2022 to RMB829.9 million as of December 31, 2023, primarily arising from transactions with certain of our advertising customers, who continued to enjoy the long credit terms that we extended for them since the second half of 2022 and kept an ongoing business relationship with us. The balance aged over 90 days and outstanding beyond the applicable credit terms increased from RMB141.9 million as of December 31, 2022 to RMB419.0 million as of December 31, 2023, which increased as a percentage of total balance aged over 90 days from 19.9% as of December 31, 2022 to 50.5% as of December 31, 2023. The increase in the outstanding balance was mainly related to several of our major customers, with whom we had maintained a long-term and favorable relationship and understood there was no material recoverability issues.

We keep monitoring the collection of long-term and/or overdue receivables. As of March 31, 2024, RMB732.3 million, or approximately 88.2% of other receivables in relation to prepayment on behalf of advertisers aged over 90 days as of December 31, 2023 had been settled. In particular, as of the same date, RMB366.3 million, or approximately 87.4% of other receivables in relation to prepayment on behalf of advertisers aged over 90 days that were

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outstanding beyond applicable credit terms as of December 31, 2023 had been settled. We have agreed upon settlement plans with certain of the advertising customers to settle the outstanding balance within given time. For the rest of the advertising customers, we are in the process of negotiating the settlement plans. Such settlement plans typically specify target dates and the amounts aimed to be settled by each date. We may update the amounts and schedule from time to time to reflect the ongoing transactions, as we maintain long-term relationships with these customers.

The ECL consideration of our other receivables is set out in Note 21 to the Accountants' Report in Appendix I to this prospectus.

As of March 31, 2024, RMB1,000.6 million, or approximately 59.9% of our other receivables in relation to prepayment on behalf of advertisers as of December 31, 2023 had been settled.

The following table sets forth the turnover days of other receivables in relation to prepayments on behalf of advertisers to third parties for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Other receivables in relation to prepayment on behalf of advertisers – third parties <sup>(1)</sup>	<u>64</u>	<u>75</u>	<u>90</u>

*Note:*

- (1) Turnover days of other receivables in relation to prepayment on behalf of advertisers – third parties equal to the average of the opening and closing other receivables in relation to prepayment on behalf of advertisers – third parties balances for the period divided by gross billings from our online advertisement distribution services for the relevant period, multiplied by the number of days in the relevant period.

Turnover days of other receivables in relation to prepayment on behalf of advertisers to third parties increased from 64 days in 2021 to 75 days in 2022, primarily due to (i) the slowed-down settlement process of our customers, and (ii) the extended credit periods that we granted to some of our advertising customers due to the adverse impact of COVID-19 resurgences in 2022. Turnover days of other receivables in relation to prepayment on behalf of advertisers to third parties increased from 75 days in 2022 to 90 days in 2023, primarily because we extended credit terms for a few of our advertising customers with long credit terms since the second half of 2022.

We have assessed the recoverability of other receivables in relation to prepayments on behalf of advertisers to third parties with reference to historical settlement experience, subsequent settlement, further expected settlement plan, business relationship with our advertising customers and their creditworthiness. We conduct impairment analysis based on ECL model on the recoverability of other receivables items, including (i) other receivables in

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relation to prepayments on behalf of advertisers to third parties, (ii) deposits and (iii) others. To ensure sufficient provision of ECL subjected to other receivables, we consider the historical loss rate and evaluate forward-looking macroeconomic data used in ECL model of other receivables. See Note 21 to the Accountants' Report included in Appendix I to this prospectus for all the ECL information. As of December 31, 2021, 2022 and 2023, we recorded impairment allowance at RMB22.4 million, RMB24.6 million and RMB40.5 million, respectively. We believe that the risk of not being able to recover other receivables in relation to prepayments on behalf of advertisers to third parties is relatively low primarily because (i) we have evaluated the customers' historical credit standings to ensure the credit terms are made to customers with an appropriate credit history, and we perform ongoing credit evaluations of such customers, (ii) we have not had material collection issues with our customers in the past, (iii) we monitor long-aging other receivables closely, update the collection status on a regular basis, and perform an impairment analysis at the end of each quarter within the Track Record Period, (iv) we assign the collection of other receivables to our sales personnel and require them to maintain expeditious and frequent communications with our customers, thus ensuring effective credit control, and (v) we have agreed on, or are in the process of negotiating, settlement plans with our customers for the overdue receivables. In light of the above, we believe that there is no recoverability issue of other receivables in relation to prepayments on behalf of advertisers to third parties, and that sufficient provision has been made.

As of March 31, 2024, RMB1,025.6 million, or approximately 59.9% of our prepayments, other receivables and other assets as of December 31, 2023 had been settled.

### **Financial Assets at Fair Value through Other Comprehensive Income and Financial Liabilities at FVTPL**

Our bill receivables were measured at fair value through other comprehensive income ("FVTOC") and was categorized as level 3 as of December 31, 2023. The fair value of the bill receivables measured at FVTOC was determined using the discounted cash flow method. Our convertible redeemable preferred shares were measured at FVTPL and recognized as level 3 as of December 31, 2021 and 2022 and 2023. The fair value of the convertible redeemable preferred shares measured at FVTPL was determined using the back-solve method and the discounted cash flow method. Details of the fair value measurement of financial instruments are disclosed in Note 2.4 to the Accountants' Report included in Appendix I to this prospectus.

In relation to the valuation of the financial instruments in level 3, our Directors, based on the professional advice received, adopted the following procedures: (i) engaged independent valuers, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuers on relevant assumptions; (ii) carefully considered all information especially those non-market related information input, such as liquidity discount, which require management assessments and estimates; and (iii) reviewed the valuation working papers and results prepared by the valuers. Based on the above procedures, our Directors are satisfied with the valuation work for financial instruments categorized within level 3 of fair value measurement in the historical financial information for the purpose of the preparation of the Accountants' Report in Appendix I to this prospectus.

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Details of the fair value measurement of financial assets and liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs of level 3 measurements are disclosed in Note 36 to the Accountants' Report included in Appendix I to this prospectus, which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on the Historical Financial Information of our Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

In relation to the valuation of the financial assets and liabilities categorized within level 3 of the fair value measurement, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) obtaining information on the credentials of the valuer and the background, qualifications and work experience of its core team members; (ii) obtaining and reviewing the valuation reports issued by the valuer and relevant documents prepared by the valuer; (iii) discussing with the Company and the valuer about the key basis and assumptions for the valuation of the relevant financial assets and liabilities; (iv) reviewing relevant notes in the Accountants' Report in Appendix I to this prospectus; and (v) understanding from the management of the Company and the Reporting Accountant the work they have performed in relation to the valuation of the level 3 financial assets and liabilities. Having considered the work done by the management of the Company and the Reporting Accountant and the relevant due diligence conducted as described above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on the financial assets and liabilities categorized within level 3 of the fair value measurement.

### **Trade Payables**

We purchase advertising traffic for our customers from media platforms. Our trade payables mainly include the amounts due to media platforms for purchase of the advertising traffic for online advertisement solution services. We generally require prepayment from our new advertising customers, and we grant a credit term not exceeding 90 days to certain advertising customers according to their creditworthiness. We normally enjoy a credit term of up to 28 days granted by the media platforms.

Our trade payables increased from RMB15.6 million as of December 31, 2021 to RMB43.7 million as of December 31, 2022, along with the business expansion of our online advertisement solution services. Our trade payables increased from RMB43.7 million as of December 31, 2022 to RMB51.0 million as of December 31, 2023, primarily due to our increased data procurement along with the expansion of our SaaS business.

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The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
	Amounts	%	Amounts	%	Amount	%
	<i>(RMB in thousands, except in percentages)</i>					
Within 1 year	11,081	71.2	37,183	85.1	45,952	90.2
Over 1 year	4,487	28.8	6,486	14.9	4,998	9.8
<b>Total</b>	<b><u>15,568</u></b>	<b><u>100.0</u></b>	<b><u>43,669</u></b>	<b><u>100.0</u></b>	<b><u>50,950</u></b>	<b><u>100.0</u></b>

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade payables turnover days <sup>(1)</sup>	<u>20</u>	<u>19</u>	<u>33</u>

*Note:*

- (1) Trade payables turnover days equals to the average of the opening and closing trade payable balances for the period, divided by the cost of services for the relevant period, multiplied by the number of days for the respective period.

Our trade payables turnover days remained relatively stable at 20 days and 19 days in 2021 and 2022, respectively. Our trade payables turnover days increased from 19 days in 2022 to 33 days in 2023, primarily because we were able to negotiate with certain major media platform for more favorable settlement period as our gross spending with such media platform increased.

As of March 31, 2024, RMB25.0 million, or approximately 49.0% of our trade payables as of December 31, 2023 had been settled.

### Other Payables and Accruals (Current)

Our other payables and accruals primarily comprise (i) cost payable to media platforms on behalf of customers, (ii) advance from advertisers, (iii) payroll and welfare payables, (iv) deferred revenue, and (v) deposits. Cost payable to media platforms on behalf of customers represents the traffic acquisition costs incurred for the online advertisement distribution services for our advertising customers, the amount of which would be transferred by us to the media platforms on behalf of these customers. Advance from advertisers represents the pre-collected payment from advertising customers for our online advertisement distribution services which we pay to the media platforms on behalf of such customers.

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The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Cost payable to media platforms on behalf of customers	62,773	319,790	312,649
Advance from advertisers	78,412	155,121	183,836
Payroll and welfare payables	42,327	41,173	35,441
Deferred revenue	1,595	1,700	3,530
Deposits	4,941	12,494	18,757
Other tax payables	3,068	3,031	4,310
Other payables	15,205	22,162	29,805
Purchase of long-term assets	2,665	9,277	6,253
Accrued listing expenses	2,656	16,796	18,120
	213,642	581,544	612,701
<b>Total</b>	<b>213,642</b>	<b>581,544</b>	<b>612,701</b>

Our other payables and accruals increased from RMB213.6 million as of December 31, 2021 to RMB581.5 million as of December 31, 2022, primarily due to (i) an increase in costs payable to media platforms on behalf of customers from RMB62.8 million as of December 31, 2021 to RMB319.8 million as of December 31, 2022, mainly attributable to that we slowed down our settlement process due to COVID-19, and (ii) an increase in advance from advertisers. This was mainly due to the increase in the revenue from customers of online advertisement distribution services which we require advance payments and our slower settlement process with suppliers due to the COVID-19 pandemic.

Our other payables and accruals increased from RMB581.5 million as of December 31, 2022 to RMB612.7 million as of December 31, 2023, primarily due to an increase in advance from advertisers from RMB155.1 million as of December 31, 2022 to RMB183.8 million as of December 31, 2023.

As of March 31, 2024, RMB476.9 million, or approximately 77.8% of our other payables and accruals as of December 31, 2023 had been settled.

### *Cost Payable to Media Platform on Behalf of Customers*

Our costs payable to media platforms on behalf of customers represents the amounts due to media platforms for traffic acquisition under our online advertisement distribution services. Upon engagement with our advertising customers for online advertisement distribution services, we would agree with advertising customers on the traffic acquisition amount and settlement method. Under the agreement with media platforms, we open and operate accounts

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for our advertising customers. We are responsible for topping up these accounts before placing the advertisements as the agent, and usually arrange settlement on a monthly basis upon confirmation with the media platforms of the actual gross spending of traffic acquisition costs. Due to our long-term cooperation with media platforms, we were granted credit periods for certain payments, resulting in cost payable to such media platforms. We generally require prepayment from our new advertising customers, and we grant a credit term not exceeding 90 days to certain advertising customers according to their creditworthiness. The time difference between our settlement with media platforms and advertising customers would result in temporary operating cash outflow.

The following table sets forth the turnover days of other payables and accruals relating to our online advertisement distribution services for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Cost payable to media platforms on behalf of customers turnover days <sup>(1)</sup>	<u>12</u>	<u>13</u>	<u>20</u>

*Note:*

- (1) Cost payable to media platforms on behalf of customers turnover days equal to the average of the opening and closing balances of cost payable to media platforms on behalf of customers for the period, divided by the gross billing cost of our online advertisement distribution services for the relevant period, multiplied by the number of days for the respective period.

While we slowed down our settlement process over the year of 2022 due to impacts from the COVID-19, our cost payable to media platforms on behalf of customers turnover days remained relatively stable at 12 days and 13 days in 2021 and 2022, respectively, primarily due to the relatively low opening balance at the beginning of 2022. Our cost payable to media platforms on behalf of customers turnover days increased from 13 days in 2022 to 20 days in 2023, primarily due to the growing amount of cost payable in 2022 as well as our extended payment schedule in 2022 and 2023.

### **Contract Liabilities**

Our contract liabilities increased from RMB415.1 million as of December 31, 2021 to RMB483.6 million as of December 31, 2022, and further to RMB576.1 million as of December 31, 2023, primarily due to the increase in advance payments from users as a result of the business growth of our SaaS business. We tightened our credit term policy since 2021, which generally requires users to pay upfront before the delivery of SaaS products.

As of March 31, 2024, our contract liabilities of RMB157.2 million, or approximately 27.3%, as of December 31, 2023 had been recognized as revenue.

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### LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, and shareholder equity contribution. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We had cash and cash equivalents of RMB215.7 million, RMB203.5 million and RMB138.0 million as of December 31, 2021, 2022 and 2023, respectively. We recorded net current assets as of December 31, 2021 and 2022 and net current liabilities as of December 31, 2023.

#### Cash Flow

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

	<b>Year ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>(RMB in thousands)</i>		
Operating cash flows before movements in working capital	(27,175)	(22,050)	113,003
Movements in working capital	(431,129)	84,506	(235,555)
Interest received	526	1,109	1,048
Income tax (paid)/received	(12,020)	1,241	–
Net cash (used in)/from operating activities	(469,798)	64,806	(121,504)
Net cash used in investing activities	(70,018)	(39,576)	(66,101)
Net cash from/(used in) financing activities	679,229	(40,080)	121,921
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>139,413</b>	<b>(14,850)</b>	<b>(65,684)</b>
Cash and cash equivalents at the beginning of year	76,816	215,658	203,506
Effect of foreign exchange rate changes, net	(571)	2,698	200
<b>Cash and cash equivalents at the end of year</b>	<b>215,658</b>	<b>203,506</b>	<b>138,022</b>

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### *Net Cash Flows (Used in)/from Operating Activities*

Whilst we achieved positive operating cash flow of RMB64.8 million in 2022, we recorded negative operating cash flow of RMB469.8 million in 2021 and negative operating cash flow of RMB121.5 million in 2023, respectively. Our operating cash outflow was primarily due to the fact that the credit terms we typically grant to our precision marketing services customers is relatively longer than the same our media platform suppliers typically grant to us for such business. See “Risk Factors – Risks Related to Our Business and Industry – We have recorded negative operating cash flows in the past, which may continue in the future.” To maintain a robust net operating cash flow, we intend to adopt measures, including (i) to expedite the cycle of recovering trade and bills receivables and other receivables and negotiate with customers for advance payments and (ii) focusing on the growth of our SaaS business.

In 2023, we had net cash used in operating activities of RMB121.5 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB169.4 million by non-cash and other items to arrive at an operating cash inflow before working capital changes of RMB113.0 million. This is adjusted by working capital changes mainly comprising an increase in prepayments, other receivables and other assets of RMB339.5 million, partially offset by (i) an increase in other payables and accruals of RMB36.1 million, and (ii) an increase in contract liabilities of RMB92.6 million.

In 2022, we had net cash generated from our operating activities of RMB64.8 million. Our net cash generated from operating activities is calculated by adjusting our loss before income tax of RMB216.5 million by non-cash and other items to arrive at an operating cash outflow before working capital changes of RMB22.1 million. This is adjusted by working capital changes mainly comprising (i) an increase in other payables and accruals of RMB363.5 million, (ii) an increase in contract liabilities of RMB68.5 million, and (iii) an increase in trade payables of RMB28.1 million, partially offset by (i) an increase in prepayments, other receivables and other assets of RMB298.1 million and (ii) an increase in trade and bills receivables of RMB75.4 million.

In 2021, we had net cash used in our operating activities of RMB469.8 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB265.1 million by non-cash and other items to arrive at an operating cash outflow before working capital changes of RMB27.2 million, further adjusted by working capital changes mainly comprising (i) an increase in prepayments, other receivables and other assets of RMB519.7 million, which was mainly attributable to (a) an increase in the amount of advances made to media platforms on behalf of our advertisers as we expanded the business scale of our online advertisement distribution services under precision marketing services and (b) our strategic policy to allow longer credit period to certain long term customers with good creditworthiness, (ii) a decrease in other payables and accruals of RMB91.7 million, and (iii) an increase in trade and bills receivables of RMB56.2 million, which was mainly attributable to (a) an increase in revenue from online advertisement distribution services and (b) the larger amount of payments being made by bank acceptance bills from certain of our customers with good creditworthiness, partially offset by an increase in contract liabilities of RMB233.8 million.

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To improve our operating cash flows, for precision marketing services, we expect to expedite the collection of trade and bills receivables and other receivables and negotiate with customers for advance payments. We generally make payments to media platforms before receiving the payments from these advertising customers, and, historically, we had granted a longer credit term to certain advertising customers than that granted to the company by the platforms. We expect to adjust our customer portfolio from time to time in line with our credit management system, with a view to improving the overall profitability and operation efficiency while minimizing risk exposure. We intend to prudently manage the scale of the precision marketing services business and maintain a reasonable level of other receivables in relation to prepayment on behalf of advertisers – third parties in order to improve the overall cash flow. In addition, we expect to focus on the growth of our SaaS business to improve the revenue structure. We generally require paying users to pay upfront before the delivery of SaaS products, and we believe that the advance payments from paying users would help improve our operating cash flow.

### *Net Cash Flows Used in Investing Activities*

Our cash used in investing activities represents purchases of items of property, plant and equipment, which mainly related to the servers. Our net cash used in investing activities amounted to RMB70.0 million, RMB39.6 million and RMB66.1 million in 2021, 2022 and 2023, respectively.

### *Net Cash Flows from/(Used in) Financing Activities*

In 2023, our net cash generated from financing activities was RMB121.9 million, primarily due to proceeds from interest-bearing bank and other borrowings of RMB1,019.0 million, partially offset by repayment of interest-bearing bank borrowings of RMB800.0 million.

In 2022, our net cash used in financing activities was RMB40.1 million, primarily due to (i) repayment of interest-bearing bank borrowings of RMB496.6 million, and (ii) lease payments of RMB45.3 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB516.9 million.

In 2021, our net cash generated from financing activities was RMB679.2 million, primarily due to (i) proceeds from interest bearing bank and other borrowings of RMB601.8 million, and (ii) proceeds from issue of preferred shares of RMB524.7 million, partially offset by repayment of interest-bearing bank borrowings of RMB276.4 million.

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### INDEBTEDNESS AND CONTINGENT LIABILITIES

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	March 31, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
<b>Current</b>				
Borrowings	507,432	412,878	619,812	727,994
Lease liabilities	43,248	71,358	54,304	41,389
Convertible redeemable preferred shares	–	–	1,223,789	–
Other payables and accruals – CCBI	–	1,845	1,214	1,525
<b>Non-current</b>				
Convertible redeemable preferred shares	942,483	1,096,475	–	1,252,260
Lease liabilities	126,277	136,597	89,643	56,489
<b>Total</b>	<b><u>1,619,440</u></b>	<b><u>1,719,153</u></b>	<b><u>1,988,762</u></b>	<b><u>2,079,657</u></b>

### Borrowings

The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	March 31, 2024
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Bank loans – secured	372,316	349,817	529,032	583,952
Bank loans – unsecured	20,000	–	–	–
Discounted bills	115,116	12,650	–	51,442
Other borrowing – secured	–	50,411	90,780	92,600
<b>Total</b>	<b><u>507,432</u></b>	<b><u>412,878</u></b>	<b><u>619,812</u></b>	<b><u>727,994</u></b>

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As of December 31, 2021, 2022 and 2023, we had total borrowings of RMB507.4 million, RMB412.9 million and RMB619.8 million, respectively. Our borrowings were primarily used to finance our increased working capital requirements driven by our business expansion during the Track Record Period. Our secured bank loans were primarily guaranteed by certain related parties. As of the Latest Practicable Date, there were no subsisting guarantees provided by our Controlling Shareholders and/or their respective close associates. For more details, see “Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Financial Independence.” For guarantees given by Mr. LIU Huan and/or his associates, we do not plan to discharge them. See “Connected Transactions – Fully Exempt Continuing Connected Transaction.” And the remaining guarantees are intra-group guarantees, which we do not plan to discharge. Our other loans mainly included unsecured bank loans and discounted bills. See Note 26 to the Accountants’ Report in Appendix I to this prospectus.

As of March 31, 2024, we had unutilized banking facilities of RMB0.5 million. The effective interest rates per annum of our bank borrowings were 2.6-5.4%, 1.3-5.2% and 1.8-5.2% in 2021, 2022 and 2023, respectively. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there had been no material covenant breach and we did not experience difficulties in obtaining bank loans and other borrowings.

### **Convertible Redeemable Preferred Shares**

As of December 31, 2021, 2022 and 2023, the convertible redeemable preferred shares had fair values of RMB942.5 million, RMB1,096.5 million and RMB1,223.8 million, respectively. For further information regarding these convertible redeemable preferred shares, see Note 28 to the Accountants’ Report in Appendix I to this prospectus.

As of March 31, 2024, our convertible redeemable preferred shares had fair value of RMB1,252.3 million.

### **Lease Liabilities**

We recognized lease liabilities of RMB169.5 million, RMB208.0 million and RMB143.9 million as of December 31, 2021, 2022 and 2023, respectively, primarily attributable to the increased lease expenses resulting from our business expansion. Our lease liabilities decreased from RMB208.0 million as of December 31, 2022 to RMB143.9 million as of December 31, 2023, primarily due to the lease payments that we made over the year.

As of March 31, 2024, our lease liabilities amounted to RMB97.9 million.

### **Contingent Liabilities**

We did not have any material contingent liabilities as of December 31, 2021, 2022 and 2023, respectively.

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## FINANCIAL INFORMATION

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### Indebtedness Statement

Except as disclosed above, during the Track Record Period and up to March 31, 2024, being the indebtedness date for the purpose of the indebtedness statement, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other material contingent liabilities. Since the Latest Practicable Date and up to the date of this prospectus, there had been no material change in our indebtedness position.

### KEY FINANCIAL RATIOS

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

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

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 “– Period-to-Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our results of operations during the respective years.

### CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of (i) property, plant and equipment, and (ii) intangible assets.

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## FINANCIAL INFORMATION

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The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	<i>(RMB in thousands)</i>		
Property, plant and equipment	69,429	39,048	15,676
Intangible assets	589	693	939
<b>Total</b>	<b><u>70,018</u></b>	<b><u>39,741</u></b>	<b><u>16,615</u></b>

During the Track Record Period, our capital expenditures increased, primarily driven by the growth of our business expansion. We funded these expenditures mainly with cash generated from our operations and financing activities.

### CONTRACTUAL OBLIGATIONS

#### Capital Commitments

As of December 31, 2021, 2022 and 2023, we did not have any material capital commitments.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report in Appendix I to this prospectus was conducted in the ordinary course of business and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

We received certain loans from Mr. Liu Huan, a senior management of our Group, which amounted to RMB8.0 million, RMB35.5 million and nil as of December 31, 2021, 2022 and 2023, respectively. Such loans were non-trade in nature for our general corporate use, as our settlement with media platforms and advertising customers may temporarily give rise to our liquidity needs within short time frame. Such loans were all fully repaid within the same year. See Note 34 to the Accountants' Report in Appendix I to this prospectus. We maintain bank accounts independently, and we expect that our working capital would be sufficiently funded by cash flows generated from operating activities, bank loans as well as the proceeds from the Global Offering.

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## FINANCIAL INFORMATION

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### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

### FINANCIAL RISKS DISCLOSURE

Our activities expose us to a variety of financial risks, mainly foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

#### Foreign Currency Risk

Our Group mainly operates in Mainland China and Hong Kong with most of our monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. Our Group has not used any derivative to hedge its exposure to foreign currency risk. For details, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

We recorded exchange differences on translation of foreign operations of RMB9.4 million in 2023, which represented the exchange differences on translation of the financial statements of our subsidiaries. The functional currency of our certain overseas subsidiaries is USD. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the exchange rates that approximate the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. The exchange differences on translation of foreign operations of RMB9.4 million in 2023 was primarily due to the fluctuation of exchange rates between USD and RMB.

#### Credit Risk

Our Group trades only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, our Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of our Group's financial assets, which comprise cash and cash equivalents, restricted cash, trade and bills receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For further details of the management objectives and policies in relation to credit risks, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

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## FINANCIAL INFORMATION

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### **Liquidity Risk**

Liquidity risk is the risk that our Group will encounter difficulty in meeting financial obligations due to shortage of funds. Our Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

Our Group's objective is to maintain a balance between continuity of funding and flexibility. Our Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

For the maturity profile of our financial liabilities as at the end of each period during the Track Record Period, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

### **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 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.

### **WORKING CAPITAL CONFIRMATION**

Our Directors are of the opinion that, taking into account the net proceeds from the Global Offering and the financial resources available to us, including the available banking facilities and cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this prospectus.

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## **FINANCIAL INFORMATION**

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### **DISTRIBUTABLE RESERVES**

As of December 31, 2023, we did not have any distributable reserves.

### **LISTING EXPENSES**

Listing expenses include professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$78.3 million, representing approximately 30.2% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$43.5 per Share (being the mid-point of the indicative Offer Price range), which consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately HK\$9.1 million, and (ii) non-underwriting-related expenses of approximately HK\$69.2 million, including (a) fees and expenses of legal advisers and accountants of approximately HK\$49.4 million, and (b) other fees and expenses of approximately HK\$19.8 million. Approximately HK\$3.2 million of the listing expenses is directly attributable to the issue of our Shares to the public and is expected to be recognized directly as a deduction from equity upon the Listing, approximately HK\$48.6 million of the listing expenses has been expensed during the Track Record Period, and the remaining amount of approximately HK\$26.5 million of the listing expenses is expected to be expensed prior to the Listing.

### **UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS**

Please refer to Appendix II to this prospectus for details.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position, 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 prospectus, and there has been no event since December 31, 2023 and up to the date of this prospectus that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

### **DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$43.5 per Offer Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK\$180.5 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. If the net proceeds are insufficient, we plan to use our own funds or available bank lines to fill the finance blanks, or extend the implementation timeline. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 20.0% or HK\$36.1 million, for enhancing our Marketingforce platform and cloud-based offerings over the next three years, with the detailed breakdown of the proceeds to be allocated as follows:
  - i. Approximately 10.0% or HK\$18.0 million will be allocated to recruit and cultivate IT experts, technical architects, software developers, product managers and testers, who will improve the performance and user experience of our cloud-based products and services, and expand our product and service offerings. The table below sets forth our recruitment plan over the next three years:

Position	Number of recruits	Estimated average salary per annum (RMB in thousands)			Qualification
		2024	2025	2026	
IT experts	5	304	319	335	Bachelor’s degree or higher
Technical architects	5	320	336	353	in computer science, with
Software developers	31	300	315	331	five years’ or more
Product managers	5	300	315	331	experience in software
Testers	6	280	294	309	development/design/testing.
<b>Total</b>	<b>52</b>				

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## FUTURE PLANS AND USE OF PROCEEDS

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We plan to further invest in our SaaS business by improving the Marketingforce platform and enhancing the overall competitiveness of our SaaS products, which are expected to help improve the average spending per user and drive our revenue growth as well as gross profit margin. New tools and features mainly include:

*Marketingforce platform.* We endeavor to consolidate the Marketingforce platform's leadership in terms of functional module capabilities. In this regard, we plan to iterate the existing functional modules and develop more modules to meet the ever-changing and diversified marketing and sales needs of users and provide more support for marketing and sales activities.

*Marketing and sales SaaS.* We expect to continuously upgrade and iterate our signature marketing and sales SaaS products, including T Cloud and True Client, by (i) introducing new versions integrated with innovative functional modules to meet the evolving customer needs, and (ii) launching industry editions with selective modules that are further tailored to address the industry-specific scenarios; and

*Data and analytics products focusing on marketing and sales activities.* We also expect to launch more signature SaaS products. For example, we plan to launch data analytics products specialized in data and analytics that facilitate all key stages of users' marketing and sales operations and guide their business decisions, with functions including data collection, data cleaning, data analysis, data label construction, data prediction and data-empowered decision making.

- ii. Approximately 10.0% or HK\$18.0 million will be allocated to procure efficient cloud computing services, devices, servers and network security infrastructure for improving our data storage and real-time computing capability to support our cloud-based offerings.

<b>Hardware equipment/infrastructure</b>	<b>Procurement</b>	<b>Estimated total cost</b>	<b>Service life</b>
		<i>(RMB in millions)</i>	
<b>SaaS infrastructure</b>			
Servers	19	9.5	5 years
IDC bandwidth	Based on annual demands	9.0	–

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## FUTURE PLANS AND USE OF PROCEEDS

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- Approximately 30.0% or HK\$54.2 million will be allocated to improve our underlying technologies including AI, big data analysis and cloud computing over the next three years. We believe that the investment in R&D activities will improve our product capabilities, diversify solutions and lead to an increase in average contract value per user, driving the revenue growth from our SaaS business.
- i. Approximately 15.0% or HK\$27.1 million will be allocated to recruit and cultivate top-notch professionals, such as IT experts, platform architects, big data engineers, algorithm engineers, product managers and testing engineers. The table below sets forth our recruitment plan over the next three years:

Position	Number of recruits	Estimated average salary per annum (RMB in thousands)			Qualification
		2024	2025	2026	
IT experts	7	360	378	397	Bachelor's degree or higher
Platform architects	6	315	331	347	in computer science, with
Big data engineers	28	340	357	375	five years' or more
Algorithm engineers	11	360	378	397	experience in software
Project managers	5	340	357	375	development/design/testing.
Testing managers	11	320	336	353	
<b>Total</b>	<b>68</b>				

Specifically, we plan to enhance our technologies in the following areas:

*AI technology.* We plan to continuously enhance NLP, computer vision and deep learning technologies. For example, we plan to develop AI algorithms to automate image and video generation for more complex scenarios, with a focus on improving our multimodal information fusion video technology. We also plan to improve our conversational AI capabilities for natural language inference and human-machine conversation;

*Big data technology.* We plan to enhance our analytical capabilities in intelligent marketing, traffic purchase and user growth management, and optimize our algorithm models. We expect to continue to build the upstream and downstream data system of enterprise knowledge graph, to provide accurate sales leads conversion prediction services for users to acquire potential customers; and

*Cloud computing.* We plan to enhance our cloud computing capabilities in IaaS, PaaS and SaaS layers, and improve the compatibility and effectiveness of our solutions. For example, we plan to further enhance our PaaS capabilities in modularization, which will enable us to quickly respond to customers and reduce our operational costs. We also expect to develop more flexible and configurable modules and function design capabilities in a low-code manner.

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## FUTURE PLANS AND USE OF PROCEEDS

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- ii. Approximately 15.0% or HK\$27.1 million will be allocated to upgrade our hardware infrastructure. We plan to procure advanced servers and devices to upgrade internet data centers, big data clusters and computing nodes, thus increasing the total computing capacity and supporting the development of more advanced technologies. The table below sets forth our procurement plan of hardware infrastructure over the next three years:

Hardware equipment/infrastructure	Procurement	Estimated total cost (RMB in millions)	Service life
<b>Underlying technology infrastructure</b>			
Network equipment	47	2.4	5 years
Firewall	10	4.0	5 years
Situational awareness equipment	7	7.9	5 years
Security service	Based on annual demands	13.5	–

- Approximately 30.0% or HK\$54.2 million will be allocated to expand our sales network over the next three years, enhance our customer success system and improve brand presence:
  - i. Approximately 25.0% or HK\$45.1 million will be allocated to continuously expand our direct sales team.

Our direct sales is at the core of our sales system, dedicated to upholding our customer-centric tenet through exploring and addressing the needs of our customers. During the Track Record Period, our direct sales team contributed to 90.1%, 91.2% and 93.0% of the SaaS product revenue in 2021, 2022 and 2023, respectively. The number of our direct sales staff fluctuated during the Track Record Period, due to the adverse impact of the COVID-19 pandemic and related restrictions. Despite this, our sales team maintained a reasonable size and raised compensation levels. These efforts promoted a gradual increase in the total number of users for our SaaS business. As of December 31, 2023, our direct sales team consisted of 844 members, with direct sales offices located in 23 cities to pursue and serve local customers. We believe that expanding the recruitment of high-quality sales staff and continuously improving the professional level of our direct sales staff will further enhance customer value.

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## FUTURE PLANS AND USE OF PROCEEDS

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We expect to strengthen our sales network to help further increase market penetration and expand the existing customer base of our marketing and sales SaaS products in the market of China, as well as expanding our footprint in China to cover more cities, driving the revenue growth of our SaaS products. Currently, we have direct sales teams in major cities in China, such as Shanghai, Wuxi, Shenzhen, Guangzhou and Chengdu, covering the Yangtze River Delta, the Pearl River Delta, southeast region and other regions with great economy development potentials. We plan to primarily enhance the sales force within the existing geographic scope, further improving the sales performance and customer coverage of each sales office. We also plan to enter into major cities in new geographical markets, such as Fuzhou, Nanchang or Chongqing, for our marketing and sales SaaS business. We expect to have 31 sales offices covering 24 cities by 2026. The table below sets forth our recruitment plan for sales personnel over the next three years:

<b>Geographical location</b>	<b>Number of recruits</b>	<b>Estimated average salary per annum (RMB in thousands)</b>	<b>Qualification</b>
The Yangtze River Delta	314		
The Pearl River Delta	131	60-110	Bachelor's degree; relevant sales experienced will be preferred.
Southeast region	35	depending on	
Southwest region	19	seniority	
Central China	23		

- ii. Approximately 3.0% or HK\$5.4 million will be allocated to continuously improve our customer success system. We plan to increase investment in our customer success system, expand our customer success team and carry out internal training. We aim to help users better understand and utilize our products, thereby continuously improving customer satisfaction and retention rates. We expect to build a customer relationship assessment system to closely follow up with our users over their full lifecycle of marketing and sales activities. The table below sets forth our recruitment plan over the next three years:

<b>Position</b>	<b>Number of recruits</b>	<b>Estimated average salary per annum (RMB in thousands)</b>	<b>Qualification</b>
Customer success personnel	48	80-150	Bachelor's degree experience of two years or more in enterprise services.

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## FUTURE PLANS AND USE OF PROCEEDS

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- iii. Approximately 2.0% or HK\$3.6 million will be allocated to further improve our brand influence. We expect to (a) continuously produce and publish marketing content in various digital media platforms, promoting our Company as well as our product and service offerings; and (b) hold professional forums and seminars to further build our brand.
  
- Approximately 15.0% or HK\$27.1 million will be allocated to achieve strategic investment and acquisition to enhance our Marketingforce platform over the next three years, enrich our product matrix and improve existing product functions, with an aim to increase penetration of our target customers in industry verticals with rapid digital transformation and to optimize our customer structure. Our potential investment or acquisition targets primarily include (a) companies with SaaS products and modules that could be complementary to our offerings; (b) companies with cutting-edge AI or big data technologies in digital marketing and sales field; and (c) companies in the digitalized marketing and sales industry with an extensive customer base in specific industry verticals with strong digital transformation needs, such as automotive and financial services. We plan to invest in companies located in geographical areas such as Beijing, Shanghai, Guangzhou, Shenzhen, and Hangzhou where there is sufficient senior IT talent, and we intend to further penetrate the local market. We mainly look for companies with an annual revenue between RMB20 million and RMB100 million that are already profitable or can be profitable in the short to medium term. As of the Latest Practicable Date, we had not identified or pursued any strategic investment or acquisition target, and had not set any definitive investment or acquisition timeframe. We believe there is a sufficient number of acquisition and investment targets to choose from. According to Frost & Sullivan, approximately 600 potential targets in the marketing and sales industry meet our criteria, including in the natures of business, geographical region and operation scale.

As a result of our investment and acquisition plans, in the short term, we may have increased cash used in investing activities and increased goodwill. We believe such impact will be absorbed by our business growth, as such plans will allow us to strengthen our technical capabilities, broaden our product and service offerings, and attract customers from new industries.

- Approximately 5.0% or HK\$9.0 million will be allocated to working capital and general corporate purposes.

If the Offer Price is set at the high-end of the Offer Price range or the low-end of the Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$8.6 million and HK\$8.6 million, respectively. To the extent our net proceeds from the Global Offering are either more or less than expected, we will increase or decrease the intended use of our net proceeds for the above purposes on a pro rata basis.

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## **FUTURE PLANS AND USE OF PROCEEDS**

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If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

CCB International Capital Limited

North Beta International Securities Limited

CMB International Capital Limited

Beta International Securities Limited

CEB International Capital Corporation Limited

China Sunrise Securities (International) Limited

Citrus Securities Limited

CMBC Securities Company Limited

Futu Securities International (Hong Kong) Limited

Haitong International Securities Company Limited

ICBC International Securities Limited

Livermore Holdings Limited

Roofer Securities Limited

Shenwan Hongyuan Securities (H.K.) Limited

SPDB International Capital Limited

Tiger Brokers (HK) Global Limited

TradeGo Markets Limited

uSmart Securities Limited

Zheshang International Financial Holdings Co., Limited

### UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 595,000 Hong Kong Offer Shares and the International Offering of initially 5,354,700 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” in this prospectus.

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## UNDERWRITING

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### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on May 6, 2024. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

##### *Grounds for Termination*

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there shall develop, occur, exist or come into force:
  - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, economic sanctions, strikes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of

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## UNDERWRITING

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God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting the Cayman Islands, BVI, Hong Kong, the PRC, the United States, Singapore, Japan, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to the Group (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”);

- (ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange or the Singapore Stock Exchange;
- (iv) any general moratorium on commercial banking activities in the PRC (imposed by the People’s Bank of China), Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any competent governmental authority in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of comprehensive sanctions under any sanctions laws or regulations in, or the withdrawal of trading privileges which exist on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by or for any of the Relevant Jurisdictions;

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## UNDERWRITING

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- (vii) any change or development involving a prospective change or amendment in or affecting taxation (as defined in the Hong Kong Underwriting Agreement) or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the United States dollar, the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;
- (viii) other than with the prior written consent of the Joint Sponsors and the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, the offering circular or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (ix) any demand by creditors for repayment or payment of any of the indebtedness of any member of the Group or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (x) any litigation, dispute, proceeding, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Director;
- (xi) any contravention by any member of the Group or any Director of any applicable laws and regulations, including the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules;
- (xii) any non-compliance of this prospectus (including its application proofs and post hearing information pack), the formal notice or the filings or submissions made or to be made to the CSRC (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering) with the Listing Rules or any other applicable laws and regulations (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Overseas Listing Trial Measures);

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- (xiii) any change or development or any event involving a prospective change or development, or a materialisation of, any of the risks set out in section headed “Risk Factors”;
- (xiv) the chief executive officer, the chief financial officer, any Director or any member of the senior management of the Company named in this prospectus is vacating his or her office; or
- (xv) there is a commencement by any governmental, political, regulatory body or organisation of any investigation or other action against any Director or member of the senior management of the Company named in this prospectus in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and/or the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) has or will have or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, operations management, prospects, shareholder’s equity, profits, losses, earnings, results of operations, position or condition, financial or otherwise, or performance of the Group taken as a whole (a “**Material Adverse Effect**”);
- (2) has or will have or is likely to have a Material Adverse Effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;
- (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below); or
- (4) has or will have or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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## UNDERWRITING

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- (b) there has come to the notice of the Joint Sponsors and/or the Overall Coordinators that:
- (i) any statement contained in this prospectus (including its application proofs and post hearing information pack), the formal notice, offering circulars, announcements on the appointment of Overall Coordinators, any other documents, materials or information made, issued, given, released or used in connection with or in relation to the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering, and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto but excluding names and addresses of the Underwriters (collectively, the “**Offer Related Documents**”)) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting;
  - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Offer Related Documents;
  - (iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations or warranties given by the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
  - (iv) there is a material breach of any of the obligations imposed upon the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
  - (v) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

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## UNDERWRITING

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- (vi) there is any material adverse change in or a material adverse effect on, or any development involving a prospective material adverse change in, or a material adverse effect on, or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, position or condition, financial, operational or otherwise, or performance of our Group, taken as a whole;
- (vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering, other than subject to customary conditions is refused or not granted, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (viii) any person (other than the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (ix) the Company withdraws any of the Offer Related Documents or the Global Offering;
- (x) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;
- (xi) any Director or member of senior management of the Company named in this prospectus is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or taking a directorship of a company; or
- (xii) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

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## UNDERWRITING

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### *Undertakings to the Stock Exchange pursuant to the Listing Rules*

#### *(A) Undertakings by the Company*

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering; or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

#### *(B) Undertakings by the Controlling Shareholders*

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Global Offering, it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months from the expiry of the First Six-Month Period, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of the Company.

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## UNDERWRITING

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will:

- (i) when it pledges or charges any securities of the Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07 of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any securities of the Company that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (i) and (ii) above by the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules, disclose such matters by way of an announcement.

### ***Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement***

The Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering, the Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling the First Six-Month Period:

- (a) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant, agree to grant or sell any option, warrant, contract or right to subscribe for or purchase, grant, agree to grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, as applicable, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of the Company, as applicable, with a depository in connection with the issue of depository receipts; or

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## UNDERWRITING

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest therein, as applicable, or any interest in any of the foregoing (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable or any interest in any of the foregoing); or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or
- (d) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (a), (b) or (c) above,

in each case, whether any such transaction described in paragraphs (a), (b) or (c) above is to be settled by delivery of the Shares or other securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), the Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions described in paragraphs (a), (b) or (c) above, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

### *Undertakings by Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement*

Mr. Zhao, Ms. Zhu, Willam Zhao Limited, Shuina Zhu Limited and Willian Zhao I Limited jointly and severally agree and undertake to each of the Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, and agree and undertake to procure each of Real Force Limited, Precious Sight Limited and the Founders’ Family Trust that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) during the First Six-Month Period, none of them will, and each of them will procure that the relevant registered holder(s) will not:
  - (i) offer, pledge, charge, sell, contract or agree to sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase or subscribe for, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company, as applicable, or any interest in any of the

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foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable, or deposit any share capital or other securities of the Company, as applicable, with a depository in connection with the issue of depository receipts) legally or beneficially owned by it/him/her as at the Listing Date (the “**Locked-up Securities**”); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or contract to or agree to or publicly disclose that it/he/she will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (a)(i), (a)(ii) or (a)(iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

- (b) during the Second Six-Month Period, it/he/she will not enter into any transaction described in paragraphs (a)(i), (a)(ii) or (a)(iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transaction, if, immediately following such transaction, it/he/she will cease, whether individually or collectively with the other Controlling Shareholders, to be a Controlling Shareholder of the Company;
- (c) at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, it/he/she will:
  - (i) if and when it/he/she or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by it/him/her, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities (or interests therein) of the Company so pledged or charged; and
  - (ii) if and when it/he/she or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interests therein) of the Company will be disposed of, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

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## UNDERWRITING

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The Company has undertaken to the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters that upon receiving such information in writing from Mr. Zhao, Ms. Zhu, Willam Zhao Limited, Shuina Zhu Limited or Willian Zhao I Limited, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

### *Undertakings by the Existing Shareholders*

Each existing Shareholder has entered into a deed of lock-up undertaking on May 3, 2024 (the “**Deed**”), pursuant to which it has agreed that, without the prior written consent of the Company, the Joint Sponsors, the Overall Coordinators and the Joint Global Coordinators, at any time during the period commencing on the date of the Deed and ending on (and including) a date which is nine or 12 months from the Listing Date (the “**First 9/12-Month Period**”), it will not (a) offer, pledge, charge, sell, contract or agree to sell, mortgage, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase or subscribe for, purchase any option, warrant, contract or right to sell, make any short sale or otherwise transfer or dispose of or create any other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) which are owned by the it as of the Listing Date (the “**Securities**”); (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Securities; (c) enter into transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or (d) offer to or contract to or agree to or publicly disclose any intention that it will or may enter into any transaction described in paragraph (a), (b) or (c) above, in each case, whether any such transaction described in paragraph (a), (b) or (c) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First 9/12-Month Period); provided that, among others, the lock-up arrangement shall permit a Shareholder to transfer any Securities to its wholly-owned subsidiary(ies) so long as the transferees enter into a lock-up undertaking containing substantially the same terms as those contained in the Deed.

### *Hong Kong Underwriters’ Interests in the Company*

Save for their respective obligations under the Hong Kong Underwriting Agreement and save that (a) CCBI Overseas, one of our Pre-IPO Investors holding approximately 2.62% of our Company’s total issued shares as of the Latest Practicable Date, is a direct wholly-owned subsidiary of CCB International (Holdings) Limited, which is in turn the sole shareholder of CCB International Capital Limited, one of our Joint Sponsors and Sponsor-Overall Coordinators, and (b) NB Digital and Jiaxing Hengjie, both our Pre-IPO Investors in aggregate holding approximately 10.81% of our Company’s total issued shares as of the Latest Practicable Date, are ultimately controlled by Mr. ZHU Zhengguo, who also ultimately controls

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## UNDERWRITING

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North Beta International Securities Limited, one of our Overall Coordinators, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Company's Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

### **International Offering**

#### ***International Underwriting Agreement***

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering – The International Offering".

#### ***Commissions and Expenses***

The Capital Market Intermediaries will receive an underwriting commission of 3% of the aggregate offer price of all the Offer Shares, out of which they will pay any sub-underwriting commissions and other fees.

The Capital Market Intermediaries may receive a discretionary incentive fee of up to 0.5% of the aggregate offer price of all the Offer Shares to be issued by the Company under the Global Offering.

Assuming full payment of the discretionary fees, the fixed fees and the discretionary fees payable to the Capital Market Intermediaries represent approximately 67.89% and 32.11% respectively, of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

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## UNDERWRITING

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The aggregate underwriting commissions payable by the Company to the Capital Market Intermediaries in relation to the Global Offering (assuming an indicative offer price of HK\$43.50 per Offer Share (which is the mid-point of the Offer Price range) and the full payment of the discretionary incentive fee) will be approximately HK\$9.1 million representing approximately 3.5% of the estimated gross proceeds from the Global Offering.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$78.3 million (assuming an indicative offer price of HK\$43.50 per Offer Share (which is the mid-point of the Offer Price range) and the full payment of the discretionary incentive fee) and will be paid by the Company.

### **Indemnity**

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

### **ACTIVITIES BY SYNDICATE MEMBERS**

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with us and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative

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## UNDERWRITING

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warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and certain of our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

5,949,700 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of initially 595,000 Offer Shares (subject to reallocation) in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- the International Offering of initially 5,354,700 Offer Shares (subject to reallocation) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “– The International Offering” below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 2.53% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

#### Number of Offer Shares initially offered

The Company is initially offering 595,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.25% of the total Shares in issue immediately following the completion of the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– Conditions of the Global Offering” below.

### **Allocation**

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B with any odd lots being allocated to pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 297,500 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached. 595,000 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10.0% of the Offer Shares initially available for subscription under the Global Offering; and in the event of full subscription or over-subscription of the International Offer Shares, the Overall Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis, subject to the allocation basis as stated in Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange:

- if the Hong Kong Public Offering is not fully subscribed for, the Overall Coordinators (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate, and the Allocation Cap as defined in and stated under Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange will not be triggered;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 1,785,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 2,379,900 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 2,974,900 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules. Subject to the foregoing paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 1,189,900 Offer Shares (representing 20% of the total number of Offer Shares and rounding down to the nearest board lot), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e., HK\$42.00 per Offer Share) stated in this prospectus.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, May 14, 2024.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

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## STRUCTURE OF THE GLOBAL OFFERING

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### **Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price in addition to the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$4,545.38 for one board lot of 100 Shares. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the Maximum Offer Price, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares”.

### **THE INTERNATIONAL OFFERING**

#### **Number of Offer Shares initially offered**

The International Offering will consist of an offering of initially 5,354,700 Shares (subject to reallocation) offered by the Company, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.28% of the total Shares in issue immediately following the completion of the Global Offering.

#### **Allocation**

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is

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## STRUCTURE OF THE GLOBAL OFFERING

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expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

### **Reallocation**

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “– The Hong Kong Public Offering – Reallocation” above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

## **PRICING AND ALLOCATION**

### **Determining the Pricing of the Offer Shares**

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Monday, May 13, 2024 and, in any event, no later than 12:00 noon on Monday, May 13, 2024, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$45.00 per Offer Share and is expected to be not less than HK\$42.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$4,545.38 for one board lot of 100 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered below and/or the Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at [www.marketingforce.com](http://www.marketingforce.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, notices of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised indicative Offer Price range.

The Company will also, as soon as practicable following the decision to make such change, issue a supplemental or new prospectus updating investors of the change in the number of Offer Shares and/or the indicative Offer Price range, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: (i) updated Offer Price range and market capitalization; (ii) updated listing timetable and underwriting obligations; (iii) updated price/earnings multiple, unaudited pro forma and adjusted net tangible assets; and (iv) updated use of proceeds and confirmation of the working capital adequacy based on the revised estimated proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so announced and any such supplemental or new prospectus so published, the number of Offer Shares and the indicative Offer Price range will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the other Underwriters) and the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price falling outside the indicative Offer Price range as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer with a supplemental prospectus or a new prospectus in FINI.

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## STRUCTURE OF THE GLOBAL OFFERING

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### **Announcement of Final Pricing of the Offer Shares**

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares – B. Publication of results”.

### **UNDERWRITING**

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in “Underwriting”.

### **CONDITIONS OF THE GLOBAL OFFERING**

Acceptance of all applications for Offer Shares will be conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- the pricing of the Offer Shares having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

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## STRUCTURE OF THE GLOBAL OFFERING

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If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company by 12:00 noon on Monday, May 13, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at [www.marketingforce.com](http://www.marketingforce.com) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – D. Despatch/collection of Share certificates and refund of application monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Thursday, May 16, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

### DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. on Thursday, May 16, 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, May 16, 2024.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 2556.

### NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE SFC CODE OF CONDUCT

#### Important Notice to CMI (including private banks)

This notice to CMI (including private banks) is a summary of certain obligations the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “Code”) imposes on CMI, which require the attention and cooperation of other CMI (including private banks). Certain CMI may also be acting as the Overall Coordinators for this offering and is subject to additional requirements under the Code.

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## STRUCTURE OF THE GLOBAL OFFERING

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Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the Company and provide sufficient information to the Overall Coordinators to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an association (the “**Association**”) with the Company, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Offer Shares. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Underwriters accordingly.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Listing Rules and other regulatory requirements or guidance issued by the Stock Exchange from time to time (the “**Stock Exchange Requirements**”) (e.g. a connected person of a listed issuer) would be considered as “Restricted Investors”. Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Offer Shares.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, in each case, subject to the applicable Stock Exchange Requirements (in the case of a Stock Exchange listed issuer) and selling restrictions set out elsewhere in this prospectus. CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should inquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Offer Shares (except for omnibus orders where underlying investor information should be provided to the Overall Coordinators when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Offer Shares.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Underwriters in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Offer Shares, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Private banks who disclose that they are placing their order other than on a “principal” basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that if any of their group companies is a CMI of this offering, placing an order on a “principal” basis may require the Underwriters to apply the “proprietary orders” of the Code to such order and will require the Underwriters to apply the “rebates” requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) are requested to provide the underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the Overall Coordinators; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the Overall Coordinators. By submitting an order and providing such information to the Overall Coordinators, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the Overall Coordinators and/or any other third parties as may be required by the Code, including to the Company, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Underwriters may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Underwriter with such evidence within the timeline requested.

### **Important Notice to Prospective Investors**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Offer Shares, including certain Underwriters, are CMIs subject to Paragraph 21 of the Code. This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as the Overall Coordinators for this offering and is subject to additional requirements under the Code.

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## STRUCTURE OF THE GLOBAL OFFERING

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Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an Association with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Offer Shares and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Stock Exchange Requirements (e.g. a connected person of a listed issuer) would be considered as “Restricted Investors”. Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Offer Shares. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Underwriter, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Underwriter or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any Underwriter, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the relevant Underwriter when placing such order and such orders will be subject to applicable requirements in accordance with the Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Underwriters and/or any other third parties as may be required by the Code, including to the Company, the Overall Coordinators, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

#### FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under the “*HKEXnews > New Listings > New Listing Information*” section, and the Company’s website at [www.marketingforce.com](http://www.marketingforce.com).

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### A. APPLICATION FOR HONG KONG OFFER SHARES

##### 1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older; and
- have a Hong Kong address (*for the White Form eIPO service only*); and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are an existing Shareholder of the Company;
- are a Director or chief executive of the Company and/or a director or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

### 2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Tuesday, May 7, 2024 and end at 12:00 noon on Friday, May 10, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	<a href="http://www.eipo.com.hk">www.eipo.com.hk</a>	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Tuesday, May 7, 2024 until 11:30 a.m. on Friday, May 10, 2024 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, May 10, 2024.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would <u>not</u> like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### *Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance*

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### **3. Information Required to Apply**

You must provide the following information with your application:

#### **For Individual/Joint Applicants**

- Full name(s)<sup>2</sup> as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

#### **For Corporate Applicants**

- Full name(s)<sup>2</sup> as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

#### *Notes:*

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares in the Hong Kong Public Offering. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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3. If the applicant is a trustee, the client identification data (the “CID”) of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document’s issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, the Company and the Overall Coordinators, as the Company’s agent, have discretion to consider whether to accept it on any conditions they think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

#### 4. Permitted Number of Hong Kong Offer Shares for Application

**Board lot size** : 100 Shares

**Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment** : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Maximum Offer Price is HK\$45.00 per Offer Share.

## HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable <sup>(2)</sup> on application HK\$
100	4,545.38	1,600	72,726.12	14,000	636,353.56	120,000	5,454,459.00
200	9,090.76	1,800	81,816.89	16,000	727,261.20	140,000	6,363,535.50
300	13,636.14	2,000	90,907.66	18,000	818,168.86	160,000	7,272,612.00
400	18,181.54	3,000	136,361.48	20,000	909,076.50	180,000	8,181,688.50
500	22,726.91	4,000	181,815.30	30,000	1,363,614.76	200,000	9,090,765.00
600	27,272.30	5,000	227,269.13	40,000	1,818,153.00	220,000	9,999,841.50
700	31,817.68	6,000	272,722.96	50,000	2,272,691.26	240,000	10,908,918.00
800	36,363.05	7,000	318,176.78	60,000	2,727,229.50	260,000	11,817,994.50
900	40,908.44	8,000	363,630.60	70,000	3,181,767.76	297,500 <sup>(1)</sup>	13,522,512.93
1,000	45,453.83	9,000	409,084.43	80,000	3,636,306.00		
1,200	54,544.59	10,000	454,538.26	90,000	4,090,844.26		
1,400	63,635.35	12,000	545,445.90	100,000	4,545,382.50		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under “– A. Application for Hong Kong Offer Shares – 3. Information required to apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

### 6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the “**Relevant Persons**”), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under “– G. Personal Data – 3. Purposes and 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in “– B. Publication of results” in this section;
- (x) confirm that you are aware of the situations specified in “– C. Circumstances in which you will not be allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither the

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Company nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing Shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial Shareholder(s) or existing Shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that the Company and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### B. PUBLICATION OF RESULTS

#### Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
	Applying through <b>White Form eIPO</b> service or <b>HKSCC EIPO</b> channel:	
Website	The designated results of allocation website at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ) with a “search by ID” function.	24 hours, from 11:00 p.m. on Tuesday, May 14, 2024 to 12:00 midnight on Monday, May 20 2024 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the <b>White Form eIPO</b> service and <b>HKSCC EIPO</b> channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the <b>White Form eIPO</b> service at <a href="http://www.iporesults.com.hk">www.iporesults.com.hk</a> (alternatively: <a href="http://www.eipo.com.hk/eIPOAllotment">www.eipo.com.hk/eIPOAllotment</a> ).	
	The Stock Exchange’s website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and our website at <a href="http://www.marketingforce.com">www.marketingforce.com</a> which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Tuesday, May 14, 2024 (Hong Kong time)
Telephone	+852 2862 8555 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. and 6:00 p.m. from Thursday, May 16, 2024 to Tuesday, May 21, 2024 (Hong Kong time) (except Saturday, Sunday and public holiday in Hong Kong)

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, May 13, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, May 13, 2024 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

### **Allocation Announcement**

The Company expects to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.marketingforce.com](http://www.marketingforce.com) by no later than 11:00 p.m. on Tuesday, May 14, 2024 (Hong Kong time).

### **C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES**

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying:

#### **1. If your application is revoked:**

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### **2. If the Company or its agents exercise their discretion to reject your application:**

The Company, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

#### **3. If the allocation of Hong Kong Offer Shares is void:**

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. If:

- you make multiple applications or suspected multiple applications. You may refer to “– A. Applications for Hong Kong Offer Shares – 5. Multiple applications prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Overall Coordinators believe that by accepting your application, it or the Company would violate applicable securities or other laws, rules or regulations.

### 5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their designated bank.

**There is a risk of money settlement failure.** In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

### D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Thursday, May 16, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<b>White Form eIPO service</b>	<b>HKSCC EIPO channel</b>
<b>Despatch/collection of Share certificate<sup>1</sup></b>		
<b>For physical share certificates of equal or over 100,000 Offer Shares issued under your own name</b>	Collection in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account.
		No action by you is required.
	<b>Time:</b> from 9:00 a.m. to 1:00 p.m. on Thursday, May 16, 2024 (Hong Kong time), or any other place or date notified by the Company	

<sup>1</sup> Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Tuesday, May 14, 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “– E. Severe weather arrangements” in this section.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### White Form eIPO service

### HKSCC EIPO channel

If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.

Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

**For physical share certificates of less than 100,000 Offer Shares issued under your own name**

Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.

**Time:** Tuesday, May 14, 2024

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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	White Form eIPO service	HKSCC EIPO channel
<b>Refund mechanism for surplus application monies paid by you</b>		
<b>Date</b>	Thursday, May 16, 2024	Subject to the arrangement between you and your broker or custodian
<b>Responsible party</b>	Hong Kong Share Registrar	Your broker or custodian
<b>Application monies paid through single bank account</b>	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
<b>Application monies paid through multiple bank accounts</b>	Refund check(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

### E. SEVERE WEATHER ARRANGEMENTS

#### The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, May 10, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an Extreme Condition,

(collectively, “**Severe Weather Signals**”), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, May 10, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.marketingforce.com](http://www.marketingforce.com) of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, May 14, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Thursday, May 16, 2024, and for physical Share certificates of less than 100,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office reopens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, May 14, 2024 or on Thursday, May 16, 2024).

If a Severe Weather Signal is hoisted on Thursday, May 16, 2024, for physical Share certificates of equal or over 100,000 Offer Shares issued under your own name, you may collect the physical Share certificates from the Hong Kong Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, May 16, 2024 or on Friday, May 17, 2024).

**Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.**

### **F. ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **G. PERSONAL DATA**

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

#### **1. Personal Information Collection Statement**

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

#### **2. Reasons for the collection of your personal data**

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

#### **3. Purposes**

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

#### **4. Transfer of personal data**

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

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- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

### **5. Retention of personal data**

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### **6. Access to and correction of personal data**

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MARKETINGFORCE MANAGEMENT LTD AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED****Introduction**

We report on the historical financial information of Marketingforce Management Ltd (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-79, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-79 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 7 May 2024 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the

Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023 and the Company as at 31 December 2021, 2022 and 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*****Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

***No historical financial statements for the Company***

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

**Ernst & Young***Certified Public Accountants*

Hong Kong

7 May 2024

**I. HISTORICAL FINANCIAL INFORMATION****Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
REVENUE	5	877,231	1,142,776	1,232,120
Cost of services		<u>(399,424)</u>	<u>(582,738)</u>	<u>(525,938)</u>
GROSS PROFIT		477,807	560,038	706,182
Other income and gains	6	39,776	47,702	39,904
Selling and distribution expenses		(284,158)	(314,995)	(326,798)
Administrative expenses		(172,032)	(188,931)	(203,892)
Research and development expenses		(160,588)	(224,621)	(210,037)
Fair value changes of convertible redeemable preferred shares	27	(122,237)	(61,069)	(107,815)
Other expenses	9	(1,998)	(125)	(585)
Impairment for financial assets		(15,191)	(6,496)	(31,143)
Finance costs	8	<u>(26,481)</u>	<u>(27,990)</u>	<u>(35,239)</u>
LOSS BEFORE TAX	7	<u>(265,102)</u>	<u>(216,487)</u>	<u>(169,423)</u>
Income tax expense	12	<u>(7,487)</u>	<u>32</u>	<u>(55)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
Basic and diluted (RMB)	14	<u>(18.16)</u>	<u>(12.88)</u>	<u>(10.08)</u>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December		
		2021	2022	2023
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR		<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods				
– Change in fair value of financial assets at fair value through other comprehensive income	22	–	(21)	13
– Exchange differences on translation of foreign operations		(174)	(43,541)	(9,381)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods				
– Exchange differences on translation of the Company		<u>5,356</u>	<u>(45,568)</u>	<u>(10,334)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>5,182</u>	<u>(89,130)</u>	<u>(19,702)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(267,407)</u>	<u>(305,585)</u>	<u>(189,180)</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	110,109	121,422	93,353
Right-of-use assets	16	155,414	172,663	115,316
Intangible assets	17	5,092	3,761	2,884
Prepayments, other receivables and other assets	21	7,995	14,994	17,459
Deferred tax assets	19	23	55	–
Contract acquisition costs	5	364	1,108	1,390
Total non-current assets		<u>278,997</u>	<u>314,003</u>	<u>230,402</u>
<b>CURRENT ASSETS</b>				
Trade and bills receivables	20	174,218	130,886	112,663
Contract acquisition costs	5	19,790	14,314	38,406
Prepayments, other receivables and other assets	21	1,114,108	1,399,852	1,711,324
Financial assets at fair value through other comprehensive income	22	–	2,055	1,602
Tax recoverable		8,306	2,707	–
Restricted cash	23	–	9,109	20,481
Short-term bank deposits	23	–	–	50,000
Cash and cash equivalents	23	215,658	203,506	138,022
Total current assets		<u>1,532,080</u>	<u>1,762,429</u>	<u>2,072,498</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	24	15,568	43,669	50,950
Other payables and accruals	25	213,642	581,544	612,701
Interest-bearing bank and other borrowings	26	507,432	412,878	619,812
Lease liabilities	16	43,248	71,358	54,304
Contract liabilities	5	357,793	418,848	509,788
Tax payable		4,358	7	7
Convertible redeemable preferred shares	27	–	–	1,223,789
Other current liabilities	28	24,231	28,656	32,894
Total current liabilities		<u>1,166,272</u>	<u>1,556,960</u>	<u>3,104,245</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>365,808</u>	<u>205,469</u>	<u>(1,031,747)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>644,805</u>	<u>519,472</u>	<u>(801,345)</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	16	126,277	136,597	89,643
Other payables and accruals	25	1,428	1,575	3,370
Contract liabilities	5	57,296	64,718	66,337
Convertible redeemable preferred shares	27	942,483	1,096,475	–
Deferred tax liabilities	19	7	–	–
Total non-current liabilities		<u>1,127,491</u>	<u>1,299,365</u>	<u>159,350</u>
Net liabilities		<u>(482,686)</u>	<u>(779,893)</u>	<u>(960,695)</u>
<b>EQUITY</b>				
Equity attributable to owners of the Company				
Share capital	29	1	1	1
Other reserves	30	(482,687)	(779,894)	(960,696)
Deficiency in assets		<u>(482,686)</u>	<u>(779,893)</u>	<u>(960,695)</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Notes	Attributable to owners of the Company						
	Share capital	Capital reserve*	Share-based payment reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	-	27,600	21,992	5,076	(357)	(27,594)	26,717
Loss for the year	-	-	-	-	-	(272,589)	(272,589)
Other comprehensive loss for the year:							
- Exchange differences on translation	-	-	-	-	5,182	-	5,182
Total comprehensive loss for the year	-	-	-	-	5,182	(272,589)	(267,407)
Equity-settled share option arrangements	31	-	7,952	-	-	-	7,952
Issue of shares	29	1	-	-	-	-	1
Transfer to convertible redeemable preferred shares***	27	(249,949)	-	-	-	-	(249,949)
Transfer to statutory reserve**		-	-	137	-	(137)	-
As at 31 December 2021	1	(222,349)	29,944	5,213	4,825	(300,320)	(482,686)

Notes	Attributable to owners of the Company							
	Share capital	Capital reserve*	Share-based payment reserve*	Fair value reserve*	Statutory reserve*	Foreign currency translation reserve*	Accumulated losses*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021 and 1 January 2022	1	(222,349)	29,944	-	5,213	4,825	(300,320)	(482,686)
Loss for the year	-	-	-	-	-	-	(216,455)	(216,455)
Other comprehensive loss for the year:								
- Change in fair value of financial assets at fair value through other comprehensive income	22	-	-	(21)	-	-	-	(21)
- Exchange differences on translation		-	-	-	-	(89,109)	-	(89,109)
Total comprehensive loss for the year		-	-	(21)	-	(89,109)	(216,455)	(305,585)
Equity-settled share option arrangements	31	-	8,378	-	-	-	-	8,378
As at 31 December 2022	1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)

Notes	Attributable to owners of the Company							
	Share capital	Capital reserve*	Share-based	Fair value reserve*	Statutory reserve*	Foreign	Accumulated losses*	Total equity
			payment reserve*			currency translation reserve*		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023	1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)
Loss for the year	-	-	-	-	-	-	(169,478)	(169,478)
Other comprehensive loss for the year:								
- Change in fair value of financial assets at fair value through other comprehensive income	22	-	-	13	-	-	-	13
- Exchange differences on translation		-	-	-	-	(19,715)	-	(19,715)
Total comprehensive loss for the year		-	-	13	-	(19,715)	(169,478)	(189,180)
Equity-settled share option arrangements	31	-	8,378	-	-	-	-	8,378
Transfer to statutory reserve**		-	-	-	4,345	-	(4,345)	-
As at 31 December 2023		<u>1</u>	<u>(222,349)</u>	<u>46,700</u>	<u>(8)</u>	<u>9,558</u>	<u>(103,999)</u>	<u>(960,695)</u>

\* These reserve accounts comprise the consolidated reserves of RMB(482,687,000), RMB(779,894,000) and RMB(960,696,000) in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, respectively.

\*\* In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), these subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional registered capital of the subsidiaries.

\*\*\* Pursuant to the Reorganization in 2021, the Group repurchased the redeemable preferred capital of Shanghai Trueland and replaced with the convertible redeemable preferred shares of the Company. At the same time, Mr. Zhao Xulong transferred a portion of his ordinary shares to another investor, which were then redesignated as convertible redeemable preferred shares. Details of the replacement of redeemable preferred capital and the redesignation of ordinary shares are set out in notes 27 and 29, respectively, to the Historical Financial Information. The convertible redeemable preferred shares are measured at fair value through profit or loss. As the transfer to convertible redeemable preferred shares as part of the Reorganization is a transaction with the Company's shareholders in their capacity as shareholders, no gain or loss shall be recognized. Therefore, the difference between the carrying amount of redeemable preferred capital and the fair value of the convertible redeemable preferred shares in the amount of RMB58,677,000 and the difference between the carrying amount of the ordinary shares transferred by Mr. Zhao Xulong and the fair value of the convertible redeemable preferred shares in the amount of RMB191,272,000 were reflected as capital reserve in the consolidated statements of changes in equity. See "History, Reorganization and Corporate Development – Early Investments in Shanghai Trueland and Pre-IPO Investments" in the Prospectus for details.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(265,102)	(216,487)	(169,423)
Adjustments for:				
Depreciation of items of property, plant and equipment	15	26,715	36,865	41,093
Amortization of intangible assets	17	2,666	1,760	1,800
Depreciation of right-of-use assets	16	35,670	54,042	55,914
Recognition of equity-settled share-based payments	31	7,952	8,378	8,378
Losses on disposal of items of property, plant and equipment	9	132	125	30
Gains on disposal of right-of-use assets and lease liabilities	6	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	6	–	–	(281)
Impairment for financial assets	7	15,191	6,496	31,143
Fair value changes of convertible redeemable preferred shares	27	122,237	61,069	107,815
Finance costs	8	26,481	27,990	35,239
Bank interest income	6	(526)	(1,109)	(1,048)
Net foreign exchange losses/(gains)	6&9	1,422	(971)	60
Write-off of tax recoverable		–	–	2,707
Increase in restricted cash		–	(9,109)	(11,372)
Increase in trade and bills receivables		(56,156)	(75,442)	(896)
Increase in prepayments, other receivables and other assets		(519,737)	(298,125)	(339,512)
Decrease/(increase) in contract acquisition costs		365	4,732	(24,374)
(Decrease)/increase in trade payables		(12,403)	28,100	7,281
(Decrease)/increase in other payables and accruals		(91,653)	363,524	36,055
(Increase)/decrease in financial assets at fair value through other comprehensive income		–	(2,076)	466
Increase in contract liabilities		233,834	68,477	92,559
Increase in other current liabilities		14,621	4,425	4,238
		<u>(458,304)</u>	<u>62,456</u>	<u>(122,552)</u>
Cash (used in)/generated from operations				
Interest received		526	1,109	1,048
Income tax (paid)/returned		(12,020)	1,241	–
		<u>(469,798)</u>	<u>64,806</u>	<u>(121,504)</u>
Net cash flows (used in)/from operating activities				

	Notes	Year ended 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Disposal of property, plant and equipment		–	165	514
Purchase of intangible assets		(589)	(693)	(939)
Purchases of items of property, plant and equipment		(69,429)	(39,048)	(15,676)
Placement of short-term bank deposits		–	–	(50,000)
Net cash flows used in investing activities		<u>(70,018)</u>	<u>(39,576)</u>	<u>(66,101)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Lease payments	32	(31,533)	(45,317)	(73,220)
Borrowings from related parties	34	8,000	35,500	–
Repayment of borrowings from related parties	34	(8,000)	(35,500)	–
Proceeds from interest-bearing bank and other borrowings		601,816	516,850	1,019,000
Repayment of interest-bearing bank borrowings		(276,360)	(496,600)	(800,000)
Interest paid		(10,866)	(15,013)	(23,305)
Payments of listing expense		–	–	(554)
Proceeds from issue of preferred shares	27	524,732	–	–
Repayment of redeemable preferred capital	32	(128,560)	–	–
Net cash flows from/(used in) financing activities		<u>679,229</u>	<u>(40,080)</u>	<u>121,921</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		139,413	(14,850)	(65,684)
Cash and cash equivalents at beginning of year		76,816	215,658	203,506
Effect of foreign exchange rate changes, net		(571)	2,698	200
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>215,658</u></u>	<u><u>203,506</u></u>	<u><u>138,022</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	23	215,658	212,615	208,503
Less: Short-term bank deposits	23	–	–	(50,000)
Less: Restricted cash	23	–	(9,109)	(20,481)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	23	<u><u>215,658</u></u>	<u><u>203,506</u></u>	<u><u>138,022</u></u>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>				
Investments in subsidiaries	18	516,094	567,873	577,502
Total non-current assets		516,094	567,873	577,502
<b>CURRENT ASSETS</b>				
Prepayments, other receivables and other assets	21	31,249	41,641	47,844
Cash and cash equivalents	23	3,983	70	257
Total current assets		35,232	41,711	48,101
<b>CURRENT LIABILITIES</b>				
Other payables and accruals	25	2,656	17,834	42,478
Convertible redeemable preferred shares	27	–	–	1,223,789
Total current liabilities		2,656	17,834	1,266,267
NET CURRENT ASSETS/(LIABILITIES)		32,576	23,877	(1,218,166)
TOTAL ASSETS LESS CURRENT LIABILITIES		548,670	591,750	(640,664)
<b>NON-CURRENT LIABILITIES</b>				
Convertible redeemable preferred shares	27	942,483	1,096,475	–
Total non-current liabilities		942,483	1,096,475	–
NET LIABILITIES		(393,813)	(504,725)	(640,664)
<b>EQUITY</b>				
Share capital	29	1	1	1
Reserves	30	(393,814)	(504,726)	(640,665)
DEFICIENCY IN ASSETS		(393,813)	(504,725)	(640,664)

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 23 February 2021. The registered office address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the business of SaaS business, which provides cloud-based sales service, and precision marketing services, which provides marketing solutions in the PRC.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the section headed “History, Reorganization and Corporate Development” in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, except for Shanghai Trueland, which is a company limited by shares, (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Marketingforce (HongKong) Ltd. (“Marketingforce HongKong”)	<i>f</i>	Hong Kong 17 March 2021	HKD1	100%	–	Investment holding
American Kaililong International Holding (H.K.) Ltd. (“American Kaililong”)	<i>b</i>	Hong Kong 26 March 2009	HKD10,000	100%	–	Marketing and sales services
邁富時網絡技術(上海)有限公司 Marketingforce Network Technology (Shanghai) Co., Ltd. (“Marketingforce Network Technology”)	<i>a</i>	PRC/Mainland China 20 April 2021	USD100,000,000	–	100%	Investment holding
珍島信息技術(上海)股份有限公司 Trueland Information Technology (Shanghai) Co., Ltd. (“Shanghai Trueland”)	<i>a</i>	PRC/Mainland China 25 September 2009	RMB27,600,000	–	100%	Marketing and sales services
無錫珍島數字生態服務平台技術有限公司 Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. (“Wuxi Trueland”)	<i>c</i>	PRC/Mainland China 20 May 2014	RMB10,000,000	–	100%	Marketing and sales services
無錫珍島智能技術有限公司 Wuxi Trueland Intelligence Technology Co., Ltd. (“Wuxi Trueland Intelligence”)	<i>c</i>	PRC/Mainland China 18 October 2019	RMB10,000,000	–	100%	Marketing and sales services
上海珍島智能技術集團有限公司 Shanghai Trueland Intelligence Technology Group Co., Ltd. (“Shanghai Trueland Intelligence”)	<i>e</i>	PRC/Mainland China 28 May 2020	RMB100,000,000	–	100%	Marketing and sales services

Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
上海珍島網絡科技有限公司 Shanghai Trueland Network Science & Technology Co., Ltd. ("Shanghai Trueland Network")	a	PRC/Mainland China 28 December 2015	RMB50,000,000	–	100%	Marketing and sales services
珍島數字科技(上海)有限公司 Trueland Digital Technology (Shanghai) Co., Ltd. ("Trueland Digital") (曾用名:上海珍島雲計算科技有限公司) (Former Name: Shanghai Trueland Cloud Computing Technology Co., Ltd.)	a	PRC/Mainland China 28 December 2015	RMB100,000,000	–	100%	Marketing and sales services
上海洞察力數字科技集團有限公司 Shanghai Dongchali Digital Technology Group Co., Ltd. ("Shanghai Insight") (曾用名:上海洞察力軟件信息科技有限公司) (Former Name: Shanghai Dongchali Software Information Technology Co., Ltd.)	a	PRC/Mainland China 24 May 2011	RMB100,000,000	–	100%	Marketing and sales services
成都珍島信息技術有限公司 Chengdu Trueland Information Technology Co., Ltd. ("Chengdu Trueland")	a	PRC/Mainland China 14 September 2015	RMB2,000,000	–	100%	Marketing and sales services
廣東珍島信息技術有限公司 Guangdong Trueland Information Technology Co., Ltd. ("Guangdong Trueland") (曾用名:深圳市珍島信息技術有限公司) (Former Name: Shenzhen Trueland Information Technology Co., Ltd.)	d	PRC/Mainland China 29 January 2015	RMB10,000,000	–	100%	Marketing and sales services
杭州珍島信息技術有限公司 Hangzhou Trueland Information Technology Co., Ltd. ("Hangzhou Trueland")	a	PRC/Mainland China 24 February 2016	RMB1,000,000	–	100%	Marketing and sales services
溫州珍島信息技術有限公司 Wenzhou Trueland Information Technology Co., Ltd. ("Wenzhou Trueland")	a	PRC/Mainland China 17 February 2016	RMB2,000,000	–	100%	Marketing and sales services
寧波珍島信息技術有限公司 Ningbo Trueland Information Technology Co., Ltd. ("Ningbo Trueland")	a	PRC/Mainland China 9 September 2015	RMB2,000,000	–	100%	Marketing and sales services
蘇州珍島信息技術有限公司 Suzhou Trueland Information Technology Co., Ltd. ("Suzhou Trueland")	a	PRC/Mainland China 20 January 2016	RMB1,000,000	–	100%	Marketing and sales services

Name*	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
金華市珍島信息技術有限公司 Jinhua Trueland Information Technology Co., Ltd. ("Jinhua Trueland")	a	PRC/Mainland China 2 March 2020	RMB1,000,000	–	100%	Marketing and sales services
中山珍島信息技術有限公司 Zhongshan Trueland Information Technology Co., Ltd. ("Zhongshan Trueland")	a	PRC/Mainland China 1 April 2020	RMB1,000,000	–	100%	Marketing and sales services
台州珍島信息技術有限公司 Taizhou Trueland Information Technology Co., Ltd. ("Taizhou Trueland")	a	PRC/Mainland China 2 April 2020	RMB1,000,000	–	100%	Marketing and sales services
凱麗隆(上海)軟件信息科技有限 Kaililong (Shanghai) Information Technology Co., Ltd. ("Shanghai Kaililong")	a	PRC/Mainland China 16 May 2011	RMB10,000,000	–	100%	Marketing and sales services
上海凱麗隆大數據科技集團有限公司 Shanghai Kaililong Big Data Technology Group Co., Ltd. ("Shanghai Kaililong Big Data")	a	PRC/Mainland China 28 May 2020	RMB50,000,000	–	100%	Marketing and sales services
凱麗隆(廣州)信息科技有限 Kaililong (Guangzhou) Information Technology Co., Ltd. ("Guangzhou Kaililong")	a	PRC/Mainland China 3 March 2016	RMB1,000,000	–	100%	Marketing and sales services
無錫凱麗隆廣告科技有限 Wuxi Kaililong Advertising Technology Co., Ltd. ("Wuxi Kaililong")	a	PRC/Mainland China 26 December 2017	RMB10,000,000	–	100%	Marketing and sales services
Kaililong International Holding (H.K) Limited ("Hongkong Kaililong")	b	Hong Kong 29 August 2018	HKD1,000,000	100%	–	Marketing and sales services
上海天貝信息技術有限公司 Shanghai Tianbei Information Technology Co., Ltd. ("Shanghai Tianbei")	a	PRC/Mainland China 15 October 2021	RMB30,000,000	–	100%	Marketing and sales services
湖北省珍島數字智能科技有限 Hubei Trueland Digital Intelligent Technology Co., Ltd. ("Hubei Trueland")	g	PRC/Mainland China 1 March 2022	RMB100,000,000	–	100%	Marketing and sales services

## Notes:

- (a) There were no audited financial statements prepared for these entities.
- (b) The financial statements of these entities for the year ended 31 December 2021 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by FU HEI KIT, Certified Public Accountant (Practising) (符氣杰執業會計師). And the financial statements of these entities for the year ended 31 December 2022 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by Shine Wise & Co. CPA (晟睿會計師事務所). No audited statutory financial statements have been prepared for the year ended 31 December 2023.

- (c) The statutory financial statements of these entities for the years ended 31 December 2021 and 2022 prepared in accordance with PRC GAAP were audited by Wuxi Liangxi Certified Public Accountants Co., Ltd. (無錫梁溪會計師事務所有限公司). No audited statutory financial statements have been prepared for the year ended 31 December 2023.
  - (d) The statutory financial statements of Guangdong Trueland for the years ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shenzhen Zhuxin Certified Public Accountants Co., Ltd. (深圳市鑄信會計師事務所(普通合夥)). No audited statutory financial statements have been prepared for the years ended 31 December 2021 and 2023.
  - (e) The statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2021 prepared in accordance with PRC GAAP were audited by Shanghai Huihong Certified Public Accountants Co., Ltd. (上海匯洪會計師事務所有限公司). And the statutory financial statements of Shanghai Trueland Intelligence for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Shanghai Honghua Certified Public Accountants Co., Ltd. (上海宏華會計師事務所有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
  - (f) The financial statements of Marketingforce HongKong for the years ended 31 December 2021 and 2022 prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by DAVE KWOK & Co. Certified Public Accountants (郭嘯南會計師事務所). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
  - (g) The statutory financial statements of Hubei Trueland for the year ended 31 December 2022 prepared in accordance with PRC GAAP were audited by Hubei Haixin Certified Public Accountants Co., Ltd. (湖北海信會計師事務所有限公司). No statutory audited financial statements have been prepared for the year ended 31 December 2023.
- \* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

## 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the paragraph headed “History, Reorganization and Corporate Development” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 8 September 2021.

The Group provides certain value-added telecommunications services business which is subject to foreign investment prohibition and restriction in Mainland China. A wholly owned subsidiary of the Company, Marketingforce Network Technology (“WFOE”), has entered into contractual arrangements (“Contractual Arrangements”) with Shanghai Trueland and their respective registered equity holders. The Contractual Arrangements enable the WFOE to exercise effective control over Shanghai Trueland and obtain substantially all economic benefits of Shanghai Trueland. Accordingly, Shanghai Trueland is controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Shanghai Trueland. Details of the Contractual Arrangements are disclosed in the section headed “Contractual Arrangement” in the Prospectus.

As such, on 8 September 2021, the Company became the holding company of the companies now comprising the Group. The Reorganization has been arranged in a way that enables the then shareholders to maintain their respective beneficial ownership interests in Shanghai Trueland and its subsidiaries in the same manner before and after the Reorganization. Accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Relevant Periods. As such, the assets and liabilities of Shanghai Trueland and its subsidiaries have been included in the Historical Financial Information with existing book values. The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganization had been in existence throughout the Relevant Periods or since their respective dates of incorporation/establishment, where this is a shorter period.

All intra-group transactions and balances have been eliminated on consolidation.

## 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss (“FVTPL”) and financial assets at fair value through other comprehensive income (“FVTOCI”) which have been measured at fair value.

Notwithstanding that the Group and the Company recorded net liabilities of RMB960,695,000 and RMB640,664,000, net current liabilities of RMB1,031,747,000 and RMB1,218,166,000, respectively as at 31 December 2023, primarily due to the convertible redeemable preferred shares, the Historical Financial Information has been prepared on a going concern basis.

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a listing is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company’s control structure. Due to the change on the redemption rights, the directors of the Company believe that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report. Excluding the effects of the convertible redeemable preferred shares, the Group and the Company recorded net current assets of RMB192,042,000 and RMB5,623,000, respectively as at 31 December 2023. The directors of the Company are of the opinion that the Group and the Company will have sufficient working capital, taking into account, inter alia, the historical financial performance and the available financial resources, to meet their financial liabilities and obligations as and when they fall due and to sustain their operations for the next 12 months from 31 December 2023.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1</sup>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

- 1 Effective for annual periods beginning on or after 1 January 2024.
- 2 Effective for annual periods beginning on or after 1 January 2025.
- 3 No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. Up to now, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group’s results of operations and financial position.

## 2.4 MATERIAL ACCOUNTING POLICIES

### Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### Fair value measurement

The Group measures certain of its financial instruments at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than deferred tax assets, financial assets and contract acquisition costs), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used and estimated useful life for this purpose are as follows:

Office equipment	19%
Furniture and fixtures	19%
Motor vehicles	19%
Leasehold improvements	The shorter of remaining lease terms and the estimated useful live of 5-7 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The principal annual rate used for this purpose is as follows:

Software	10%-20%
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**Research and development costs**

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(a) Right-of-use assets**

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	1 year-6 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**(b) Lease liabilities**

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

**(c) Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases is recognized as an expense on a straight-line basis over the lease term.

**Investments and other financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Financial assets at amortized cost (debt instruments)***

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

***Financial assets at fair value through other comprehensive income (debt instruments)***

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. Debt investments graded in the top investment categories (Very Good and Good) by the Credit Rating Agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Credit Rating Agency both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Financial liabilities***Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, convertible redeemable preferred shares, interest-bearing bank and other borrowings and lease liabilities.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

*Financial liabilities at amortized cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

**Revenue recognition**

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

**(a) SaaS business**

SaaS business revenue primarily generates from a variety of cloud-based marketing and sales solutions. Revenue is generally recognized over time on a ratable basis over the contract term beginning from the date when cloud is accessible to the customer. SaaS business is provided to customers directly, including those sold directly by the Group and through channel partners. The Group is responsible to deliver the cloud-based software and ensure the customers have the right to access the cloud-based software in a stable way.

The channel partners work as the agents and have the contractual obligation to follow the Group's pricing guidance and have no significant performance obligation towards the customers. Therefore the Group is the principal and recognizes revenue at the gross amount billed to the customers by the channel partners. The difference between the gross amount billed to the customer by the channel partners and the amount billed to channel partners by the Group is recognized as contract acquisition cost. Contract acquisition costs are charged to selling and distribution expenses on a ratable basis which is in line with the revenue recognition.

The Group develops and sells customized self-hosted software. Revenue is recognized when control over the customized software has been transferred to the customer. The customers cannot receive and consume the benefits simultaneously from the customized software as well as control the customized software until the software was delivered to the customer. The customized software generally has no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until customized software transfer to customer. Therefore, revenue is recognized at a point in time when the customized software is passed to the customer.

The Group recognizes an asset in relation to costs to fulfil its customized software development contracts. The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. The contract fulfilment costs are recorded as cost of sales when the customized software is passed to the customer and the revenue is recognized.

**(b) Precision marketing services**

The Group generates revenue from marketing solutions for advertising in a range of industries on media platforms. Precision marketing services include online advertisement solution services and online advertisement distribution services. Under each particular contract with customers, the Group is acting as a principal or an agent in the specific transactions. In determining whether the Group is acting as a principal or as an agent under the contract, management is required to take into account all relevant factors when making the judgement and evaluation, which are (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before or after the specified service or control has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified service. Specifically, for online advertisement solution service, the Group acts as the principal of these arrangements, correspondingly recognizes revenue on a gross basis; while for online advertisement distribution service, the Group acts as the agent and recognizes revenue on a net basis.

**(1) Online advertisement solution services**

The Group provides one-stop cross-media mobile marketing solutions by designing, producing, launching, monitoring and optimizing their advertisement campaigns, with strategic focus on top media platforms. The Group charges the customers mainly based on Cost Per Mille ("CPM") and Cost Per Click ("CPC"), which is subject to downward adjustments when the unit costs of advertising exceeded the committed levels. Revenue is recognized at a point in time when the customer benefits from the services.

While none of the factors individually are considered presumptive or determinative, in these arrangements the Group is the principal and responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified integrated services to the advertisers and committed not to exceed the unit costs of advertising as agreed with the advertisers; (ii) taking certain risk of loss to the extent that the cost incurred for producing contents, formulating advertisement campaign and acquiring traffic from media platforms cannot be compensated by the total consideration received from the advertisers; (iii) performing all the billing and collection activities based on prices negotiated by the Group with the advertisers; and (iv) taking responsibility for the advertising content that the Group produced and placed with media platforms. The Group controls the specified service before that service is transferred to the advertiser and acts as the principal of these arrangements and therefore recognizes revenue earned and costs incurred related to these transactions on gross basis. Under these arrangements, the rebates obtained from the media platforms are recorded as reduction of cost of sales. Rebates offered to the advertisers are recognized as deduction of revenue.

**(2) Online advertisement distribution services**

The Group provides traffic acquisition service to distribute the advertisements produced by the advertisers or the Group. The advertisements are published on the targeted media platforms as determined by the customers. Besides, the Group provides advertisements account charging service to customers upon the request from customers. Revenue is recognized at a point in time when the distribution of advertisements and charging of advertisement accounts are completed.

The Group is not the principal in this arrangement as the Group does not control the specified service (i.e., the traffic) before that service is delivered to the customer, because (i) it is the targeted media platform, rather than the Group, who is primarily responsible for providing the media publishing service; (ii) the media platforms are identified and determined by the customers, rather than the Group, and the Group did not commit to acquire the traffic before transferring to the customers. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the customers and the amounts paid to the media platforms related to these transactions on a net basis. Under these arrangements, rebates granted by the media platforms are recorded as revenue in the consolidated statements of profit or loss. Rebates offered to the advertisers are recognized as a deduction of revenue.

**Other income**

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

**Contract liabilities**

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Contract acquisition costs**

Contract acquisition cost is recognized as an asset when the channel partners of the SaaS business secure contracts on behalf of the Group and the cost is expected to be recovered. It is amortized and charged to selling and distribution expenses on a ratable basis which is in line with the pattern of revenue recognition.

**Share-based payments**

The Company operates a share incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flow method and back-solve method, further details of which are given in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**Other Employee benefits*****Pension scheme***

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Dividends**

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

**Foreign currencies**

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, the United States dollar ("USD"). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

***Contractual arrangements***

Shanghai Trueland provides value-added telecommunications services to customers. Due to regulatory prohibition and restriction on foreign ownership in providing value-added telecommunications services in the PRC, as disclosed in note 2.1 to the Historical Financial Information, the Group exercises control over Shanghai Trueland and enjoys all economic benefits of Shanghai Trueland through the Contractual Arrangements.

The Group considers that it controls Shanghai Trueland, notwithstanding the fact that it does not hold a direct equity interest in Shanghai Trueland, as it has power over the financial and operating policies of Shanghai Trueland and receives substantially all of the economic benefits from the business activities of Shanghai Trueland through the Contractual Arrangements. Accordingly, Shanghai Trueland has been accounted for as a subsidiary during the Relevant Periods.

***Principal versus agent considerations – revenue from provision of precision marketing services***

In determining whether the Group is acting as a principal or as an agent in the provision of precision marketing services requires judgements and considerations of all relevant facts and circumstances. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The Group considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstance. The Group reported online advertisement solution services on a gross basis and reported online advertisement distribution services on a net basis.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

***Share-based payments***

The Group has set up employee incentive platforms for the Company's directors and the Group's employees. The fair value of the restricted shares is determined by the discounted cash flow method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as the discount rate for lack of marketability ("DLOM"), discount rate and volatility, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are contained in note 31 to the Historical Financial Information.

***Variable consideration for rebates earned from media platforms***

Media platforms may grant the Group rebates in various forms. The Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where the Group acts as agent). The rebates earned by the Group from media platforms come with a variety of structures and rates, which are primarily determined based on the contract terms with these media platforms, their applicable rebate policies, the business performances of the Group and the discretionary incentive programs as set up by the media platforms.

The Group accrues rebates from media platforms based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebate policies. Such rebates as a percentage of gross spending of the Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

***Leases – Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

***Financial liabilities measured at fair value through profit or losses***

The instruments issued to investors are not traded in an active market and the respective fair value is determined by using valuation techniques, including the discounted cash flow method, the back-solve method and equity allocation model. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 27 to the Historical Financial Information.

***Deferred tax assets***

Deferred tax assets are recognized for all accumulated tax losses and deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

***Provision for expected credit losses on receivables***

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customer industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's receivables is disclosed in notes 20 and 21 to the Historical Financial Information.

***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 15, 16 and 17 to the Historical Financial Information, respectively. In accordance with the management's estimation, the recoverable amount of non-financial assets has been determined on the basis of value in use by estimating future pre-tax cash flows using key assumptions including budgeted gross margins, revenue growth rates and discount rates. The budgeted gross margins used in the impairment testing were determined by the management on the basis of past performance and its expectation for market development of the SaaS business and precision marketing services. The expected revenue growth rates are based on the business plan approved by the Company. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. Based on the result of the assessment, the directors are of the view that the carrying amount of non-financial assets does not exceed the recoverable amount and thus no provision for impairment is required for non-financial assets as at the end of each of the Relevant Periods.

#### 4. SEGMENT INFORMATION

##### Operating segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of SaaS business and precision marketing services in Mainland China. Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment, mainly based on segment revenue and segment gross profit. The segment gross profit is calculated as segment revenue minus segment cost of services. Cost of services for SaaS business segment primarily comprised of employee benefit expenses and other direct services costs. Cost of services for precision marketing service segment primarily comprised of traffic purchase cost.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the Historical Financial Information. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	<b>SaaS business</b> <i>RMB'000</i>	<b>Precision marketing service</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Year ended 31 December 2021			
Segment revenue	438,642	438,589	877,231
Segment cost of services	43,550	355,874	399,424
Gross profit	395,092	82,715	477,807
Year ended 31 December 2022			
Segment revenue	529,877	612,899	1,142,776
Segment cost of services	57,192	525,546	582,738
Gross profit	472,685	87,353	560,038
Year ended 31 December 2023			
Segment revenue	702,378	529,742	1,232,120
Segment cost of services	86,223	439,715	525,938
Gross profit	616,155	90,027	706,182

##### Geographical information

Since almost all of the Group’s non-current assets were located in Mainland China and almost all of the revenue of the Group is derived from operations in Mainland China during the Relevant Periods, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

**Information about major customers**

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during each of the Relevant Periods are set out below:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Customer A	109,720	N/A*	N/A*
Customer B	N/A*	129,009	142,781
Customer C	96,169	279,792	302,252
Customer D	N/A*	N/A*	N/A*
Customer E	N/A*	120,274	N/A*

\* The corresponding revenue of the customer is not disclosed as the amount did not individually account for 10% or more of the Group's revenue for the Relevant Periods.

**5. REVENUE**

An analysis of revenue is as follows:

**(a) Disaggregated revenue information***Types of services*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Precision marketing service	438,589	612,899	529,742
SaaS business	438,642	529,877	702,378
	877,231	1,142,776	1,232,120

*Timing of revenue recognition*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<b>Precision marketing service</b>			
At a point in time	438,589	612,899	529,742
<b>SaaS business</b>			
At a point in time	6,203	5,764	14,927
Over time	432,439	524,113	687,451
	877,231	1,142,776	1,232,120

**(b) Performance obligations**

Information about the Group's performance obligations are summarized below:

*SaaS business*

For SaaS service, the performance obligation is mainly satisfied over the contractual term starting from the date when the customer has access to one or more of the cloud applications. For services that are recognized at a point in time, they are recognized when the services are completed. The Group applies both credit policy and advance payments policy to the customers.

For customized software development project, the performance obligation is satisfied after the software is delivered and accepted by the customer and payment is generally due within 30 days from the billing date, except that certain percentage of contract sum is required to be prepaid by the customer.

*Precision marketing service*

The performance obligation is satisfied on benefiting from the services, advertisements distributing or advertisement accounts charging. The performance obligation is satisfied when the customer benefits from the services or the distribution of advertisements and charging of advertisement accounts are completed. The Group provides the recognized and creditworthy third parties with specific credit terms throughout precision marketing service arrangements.

(c) **Revenue recognized in relation to contract liabilities**

The Group recognized the following revenue-related contract liabilities:

	<b>As at 31 December</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>181,254</u>	<u>415,089</u>	<u>483,566</u>	<u>576,125</u>

The Group tightens the advance payments policy requiring the customers to pay upfront as a result of the business growth, which contributes the corresponding increase of contract liabilities.

The following table shows the amounts of revenue recognized during the Relevant Periods that were included in the contract liabilities at the beginning of the reporting periods.

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognized that was included in the contract liability balance at the beginning of the reporting period:			
Precision marketing service	15,170	8,128	2,602
SaaS business	<u>139,314</u>	<u>349,665</u>	<u>416,246</u>
	<u>154,484</u>	<u>357,793</u>	<u>418,848</u>

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods and the amounts disclosed below do not include variable consideration which is constrained:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected to be satisfied within 1 year	357,793	418,848	509,788
over 1 year*	<u>57,296</u>	<u>64,718</u>	<u>66,337</u>
Contract liabilities	<u>415,089</u>	<u>483,566</u>	<u>576,125</u>

\* The Group expects the remaining performance obligations will be mainly satisfied in 1 to 2 years.

**(d) Assets recognized from incremental costs to obtain a contract**

The Group has recognized the following assets related to contracts with customers:

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Contract acquisition costs (current)	19,790	14,314	38,406
Contract acquisition costs (non-current)	364	1,108	1,390
	<u>20,154</u>	<u>15,422</u>	<u>39,796</u>

The Group has recognized assets in relation to incremental costs to acquire the SaaS business offering contracts. This is presented within "Contract acquisition costs" in the consolidated statements of financial position.

	Year ended 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Amortization recognized as selling expenses related to SaaS business during the year	20,185	19,790	14,314

**(e) Assets recognized from incremental costs to fulfil a contract**

The Group has also recognized the following assets in relation to costs to fulfil its customized software development contracts. This is presented within "Prepayments, other receivables and other assets" in the consolidated statements of financial position.

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Contract fulfilment costs (current)	–	–	6,663

**6. OTHER INCOME AND GAINS**

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Additional deductible input VAT*	32,525	33,239	25,332
Government grants**	6,650	11,947	12,727
Bank interest income	526	1,109	1,048
Gains on disposal of right-of-use assets and lease liabilities	13	208	424
Gains on modification of right-of-use assets and lease liabilities	–	–	281
Foreign exchange gains, net	–	971	–
Others	62	228	92
	<u>39,776</u>	<u>47,702</u>	<u>39,904</u>

\* Amount represents additional VAT deduction allowed under the PRC tax law, generated from SaaS business and precision marketing services. There are no unfulfilled condition or contingencies relating to these grants.

\*\* Government grants received during the Relevant Periods primarily comprised the financial subsidies received from various local government authorities in the Mainland China. There are no unfulfilled conditions or contingencies relating to these incomes.

## 7. LOSS BEFORE TAX

The Group's loss before tax is as follows:

	Notes	Year ended 31 December		
		2021 RMB'000	2022 RMB'000	2023 RMB'000
Cost of services rendered (excluding those included in employee benefit expense and depreciation)		382,792	558,201	500,619
Depreciation of items of property, plant and equipment	15	26,715	36,865	41,093
Depreciation of right-of-use assets	16	35,670	54,042	55,914
Amortization of intangible assets	17	2,666	1,760	1,800
Research and development expenses (excluding amortization, depreciation and employee benefit expense)		24,298	25,763	32,432
Lease expenses not included in the measurement of lease liabilities	16	1,332	1,737	1,769
Auditor's remuneration		1,107	494	194
Fair value loss on convertible redeemable preferred shares	27	122,237	61,069	107,815
Listing expenses		3,921	14,665	25,549
Employee benefit expense (including directors' remuneration (note 10)):				
–Salaries, allowances and benefits in kind		357,320	444,314	411,058
–Pension scheme contributions (defined contribution scheme)*		35,316	49,926	45,537
–Share-based payment compensation	31	7,952	8,378	8,378
Net foreign exchange losses/(gains)	6&9	1,422	(971)	60
Impairment for financial assets		15,191	6,496	31,143
Additional deductible input VAT	6	(32,525)	(33,239)	(25,332)
Government grants	6	(6,650)	(11,947)	(12,727)
Bank interest income	6	(526)	(1,109)	(1,048)
Gains on disposal of right-of-use assets and lease liabilities	16	(13)	(208)	(424)
Gains on modification of right-of-use assets and lease liabilities	16	–	–	(281)
Losses on disposal of items of property, plant and equipment, net	9	132	125	30

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Interest on interest-bearing bank and other borrowings	11,019	15,326	23,889
Interest on redeemable preferred capital	8,004	–	–
Interest on lease liabilities	7,458	12,664	11,350
	<u>26,481</u>	<u>27,990</u>	<u>35,239</u>

## 9. OTHER EXPENSES

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Losses on disposal of items of property, plant and equipment	132	125	30
Foreign exchange losses, net	1,422	–	60
Others	444	–	495
	<u>1,998</u>	<u>125</u>	<u>585</u>

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to the directors and chief executive of the Company (including the remuneration for services as chief executives and directors of the group entities prior to becoming the directors of the Company) during the Relevant Periods are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Fees	150	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,595	1,429	4,923
Pension scheme contributions	71	71	136
Share-based payment compensation	517	258	2,066
	<u>2,333</u>	<u>1,758</u>	<u>7,125</u>

During the Relevant Periods, incentives were granted to directors of the Company in respect of their services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such share incentive awards, which has been recognized in profit or loss immediately upon the date of grant or over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods is set out in the above directors' remuneration disclosures.

	Fee	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended</b>					
<b>31 December 2021</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	1,264	57	–	1,321
Mr. Xu Jiankang (c)	–	331	14	517	862
	<u>–</u>	<u>1,595</u>	<u>71</u>	<u>517</u>	<u>2,183</u>

	Fee <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Share-based payment compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Zhou Weiqing (e)	–	–	–	–	–
Mr. Qin Ci (d)	50	–	–	–	50
Mr. Yang Tao (d)	50	–	–	–	50
Mr. Li Jiyou (d)	50	–	–	–	50
	150	–	–	–	150
	150	1,595	71	517	2,333

	Fee <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Share-based payment compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Year ended</b>					
<b>31 December 2022</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	1,271	63	–	1,334
Mr. Xu Jiankang (c)	–	158	8	258	424
	–	1,429	71	258	1,758
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	1,429	71	258	1,758

	Fee <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Share-based payment compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Year ended</b>					
<b>31 December 2023</b>					
<b>Executive directors</b>					
Mr. Zhao Xulong (a)	–	3,075	68	–	3,143
Mr. Xu Jiankang (c)	–	1,848	68	2,066	3,982
	–	4,923	136	2,066	7,125

	Fee <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Share-based payment compensation <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
<b>Non-executive directors</b>					
Ms. Zhao Fangqi (b)	–	–	–	–	–
Mr. Huang Shaodong (f)	–	–	–	–	–
	–	–	–	–	–
	–	4,923	136	2,066	7,125

- (a) Mr. Zhao Xulong was appointed as the chief executive officer of Shanghai Trueland since September 2009 and was appointed as the chief executive officer of the Company in February 2021.
- (b) Ms. Zhao Fangqi was appointed as a non-executive director of Shanghai Trueland since September 2017 and was appointed as a non-executive director of the Company in February 2021.
- (c) Mr. Xu Jiankang was appointed as an executive director of Shanghai Trueland since September 2017 and was an executive director of the Company between February 2021 and April 2021 and was reappointed as an executive director of the Company in November 2022.
- (d) Mr. Qin Ci, Mr. Yang Tao and Mr. Li Jiyou were appointed as non-executive directors of Shanghai Trueland in May 2019, September 2017, and September 2017 respectively, and were non-executive directors of the Company between February 2021 and April 2021.
- (e) Mr. Zhou Weiqing was a non-executive director of Shanghai Trueland between May 2020 and August 2021 and was a non-executive director of the Company between February 2021 and November 2021.
- (f) Mr. Huang Shaodong was appointed as a non-executive director of the Company since April 2022.

#### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 1, nil, and 2 directors, respectively, details of whose remuneration are set out in note 10 above. Details of the remaining 4, 5 and 3 highest paid employees who are not directors nor the chief executive of the Company are as follows:

	Year ended 31 December		
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, allowances and benefits in kind	5,035	8,286	5,650
Pension scheme contributions	171	250	136
Share-based payment compensation	3,733	6,226	4,159
	<u>8,939</u>	<u>14,762</u>	<u>9,945</u>

The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2021	2022	2023
HK\$1,500,001 to HK\$2,000,000	1	1	–
HK\$2,000,001 to HK\$2,500,000	1	1	2
HK\$2,500,001 to HK\$3,000,000	1	1	–
HK\$3,500,001 to HK\$4,000,000	1	1	–
HK\$6,000,001 to HK\$6,500,000	–	1	1

## 12. INCOME TAX

### Cayman Islands

The Company is a limited liability company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

### Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

### Mainland China

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the Relevant Periods unless they are subject to tax concession set out below:

- (1) Shanghai Trueland, Trueland Digital and Shanghai Trueland Network were accredited as high-tech enterprises in 2012, 2018 and 2018, and were entitled to a preferential CIT rate of 15% for the period from January 2021 to December 2023.
- (2) Wuxi Trueland were accredited as a software enterprise in 2016 and were entitled to a preferential CIT rate of 0% for the period from January 2017 to December 2018 and entitled to a preferential CIT rate of 12.5% for the period from January 2019 to December 2021. Wuxi Trueland was accredited as a high-tech enterprise in 2018 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2023.
- (3) Shanghai Trueland Intelligence was accredited as a double soft certification enterprise since December 2021, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years. Shanghai Trueland Intelligence was accredited as a high-tech enterprise in 2022 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2024.
- (4) Hubei Trueland was accredited as a double soft certification enterprise since March 2023, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years.
- (5) Guangdong Trueland, Ningbo Trueland, Chengdu Trueland, Suzhou Trueland, Shanghai Insight, Guangzhou Kaililong, Wuxi Kaililong, Wuxi Trueland Intelligence, Jinhua Trueland, Zhongshan Trueland, Taizhou Trueland, Kunshan Trueland, Shanghai Kaililong Big Data, Shanghai Tianbei, Wenzhou Trueland, Hangzhou Trueland and Trueland Digital are qualified as small scaled minimal profit enterprises.

Pursuant to Caishui [2019] circular No. 13, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2019 to 2021.

Pursuant to Caishui [2021] circular No. 8, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2022] circular No. 5, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 12.5% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2021 to 2022.

Pursuant to Caishui [2023] circular No. 6, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2023 to 2024.

The major components of income tax expense of the Group are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current income tax	7,509	7	–
Deferred income tax (note 19)	(22)	(39)	55
	<u>7,487</u>	<u>(32)</u>	<u>55</u>
Total tax charge/(credit) for the year	<u>7,487</u>	<u>(32)</u>	<u>55</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Loss before tax	(265,102)	(216,487)	(169,423)
Tax at the statutory tax rate of 25%	(66,275)	(54,122)	(42,356)
Effects of preferential tax rates applicable to eligible subsidiaries	26,009	28,946	19,336
Effect on opening deferred tax of increase in rates	–	(19)	–
Income not subject to tax	(734)	(1)	(288)
Expenses not deductible for tax	19,427	9,455	18,735
Tax losses utilized from previous periods	(1,759)	(2,016)	(1,693)
Temporary differences and tax losses for which no deferred income tax asset was recognized	43,617	46,590	35,440
Accelerated research and development deductible expenses	(12,798)	(28,865)	(29,119)
	<u>7,487</u>	<u>(32)</u>	<u>55</u>
Tax at the effective tax rates	<u>7,487</u>	<u>(32)</u>	<u>55</u>

### 13. DIVIDENDS

During the Relevant Periods, no dividends have been declared or paid by the Company.

**14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's share split as disclosed in note 29 to the Historical Financial Information had been in effect on 1 January 2021.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2021, 2022 and 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share awards outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Loss			
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation (RMB'000)	<u>(272,589)</u>	<u>(216,455)</u>	<u>(169,478)</u>
Shares			
Weighted average number of ordinary shares assumed to be in issue during the year used in the basic and diluted loss per share calculation	<u>15,011,220</u>	<u>16,809,320</u>	<u>16,809,320</u>
Loss per share (basic and diluted) (RMB)	<u>(18.16)</u>	<u>(12.88)</u>	<u>(10.08)</u>

**15. PROPERTY, PLANT AND EQUIPMENT****31 December 2021**

	<b>Office equipment RMB'000</b>	<b>Furniture and fixtures RMB'000</b>	<b>Motor vehicles RMB'000</b>	<b>Leasehold improvements RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2021:					
Cost	95,476	4,653	6,952	22,602	129,683
Accumulated depreciation	(47,348)	(711)	(2,806)	(10,490)	(61,355)
Net carrying amount	<u>48,128</u>	<u>3,942</u>	<u>4,146</u>	<u>12,112</u>	<u>68,328</u>
At 1 January 2021, net of accumulated depreciation	48,128	3,942	4,146	12,112	68,328
Additions	26,264	672	2,023	39,669	68,628
Disposals	(132)	–	–	–	(132)
Depreciation provided during the year	(15,088)	(862)	(1,488)	(9,277)	(26,715)
At 31 December 2021, net of accumulated depreciation	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>
At 31 December 2021:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	(59,892)	(1,573)	(4,294)	(19,767)	(85,526)
Net carrying amount	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>

**31 December 2022**

	Office equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022:					
Cost	119,064	5,325	8,975	62,271	195,635
Accumulated depreciation	(59,892)	(1,573)	(4,294)	(19,767)	(85,526)
Net carrying amount	<u>59,172</u>	<u>3,752</u>	<u>4,681</u>	<u>42,504</u>	<u>110,109</u>
At 1 January 2022, net of accumulated depreciation	59,172	3,752	4,681	42,504	110,109
Additions	23,153	37	983	24,394	48,567
Disposals	(235)	(42)	(112)	–	(389)
Depreciation provided during the year	(17,188)	(915)	(1,707)	(17,055)	(36,865)
At 31 December 2022, net of accumulated depreciation	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>
At 31 December 2022:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>

**31 December 2023**

	Office equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	<u>64,902</u>	<u>2,832</u>	<u>3,845</u>	<u>49,843</u>	<u>121,422</u>
At 1 January 2023, net of accumulated depreciation	64,902	2,832	3,845	49,843	121,422
Additions	1,420	383	355	11,410	13,568
Disposals	(412)	(132)	–	–	(544)
Depreciation provided during the year	(18,684)	(1,047)	(1,292)	(20,070)	(41,093)
At 31 December 2023, net of accumulated depreciation	<u>47,226</u>	<u>2,036</u>	<u>2,908</u>	<u>41,183</u>	<u>93,353</u>
At 31 December 2023:					
Cost	142,775	5,279	10,107	98,075	256,236
Accumulated depreciation	(95,549)	(3,243)	(7,199)	(56,892)	(162,883)
Net carrying amount	<u>47,226</u>	<u>2,036</u>	<u>2,908</u>	<u>41,183</u>	<u>93,353</u>

**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between one and six years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

**(a) Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follow:

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year	43,083	155,414	172,663
Additions	149,811	72,826	5,591
Lease modification	–	–	(4,731)
Lease termination	(1,810)	(1,535)	(2,293)
Depreciation provided during the year	(35,670)	(54,042)	(55,914)
	<u>43,083</u>	<u>155,414</u>	<u>172,663</u>
Carrying amount at the end of the year	<u>155,414</u>	<u>172,663</u>	<u>115,316</u>

**(b) Lease Liabilities**

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	<b>Year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year	45,612	169,525	207,955
Additions	149,811	72,826	5,591
Interest during the year	7,458	12,664	11,350
Lease modification	–	–	(5,012)
Lease termination	(1,823)	(1,743)	(2,717)
Payments during the year	(31,533)	(45,317)	(73,220)
	<u>45,612</u>	<u>169,525</u>	<u>207,955</u>
Carrying amount at the end of the year	<u>169,525</u>	<u>207,955</u>	<u>143,947</u>
Analyzed into:			
Current portion	43,248	71,358	54,304
Non-current portion	126,277	136,597	89,643
	<u>126,277</u>	<u>136,597</u>	<u>89,643</u>

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	7,458	12,664	11,350
Gains on modification of right-of-use assets and lease liabilities	–	–	(281)
Gains on disposal of right-of-use assets and lease liabilities	(13)	(208)	(424)
Depreciation charge of right-of-use assets	35,670	54,042	55,914
Expense relating to short-term leases	1,332	1,737	1,769
	<u>44,447</u>	<u>68,235</u>	<u>68,328</u>
Total amount recognized in profit or loss	<u>44,447</u>	<u>68,235</u>	<u>68,328</u>

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

## 17. INTANGIBLE ASSETS

### 31 December 2021

	Software	Total
	RMB'000	RMB'000
At 1 January 2021		
Cost	18,167	18,167
Accumulated amortization	(11,404)	(11,404)
Net carrying amount	<u>6,763</u>	<u>6,763</u>
Cost at 1 January 2021, net of accumulated amortization	6,763	6,763
Additions	995	995
Amortization provided during the year	(2,666)	(2,666)
At 31 December 2021	<u>5,092</u>	<u>5,092</u>
At 31 December 2021		
Cost	19,162	19,162
Accumulated amortization	(14,070)	(14,070)
Net carrying amount	<u>5,092</u>	<u>5,092</u>

**31 December 2022**

	<b>Software</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2022		
Cost	19,162	19,162
Accumulated amortization	(14,070)	(14,070)
Net carrying amount	<u>5,092</u>	<u>5,092</u>
Cost at 1 January 2022, net of accumulated amortization	5,092	5,092
Additions	429	429
Amortization provided during the year	(1,760)	(1,760)
At 31 December 2022	<u>3,761</u>	<u>3,761</u>
At 31 December 2022		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	<u>3,761</u>	<u>3,761</u>

**31 December 2023**

	<b>Software</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2023		
Cost	19,591	19,591
Accumulated amortization	(15,830)	(15,830)
Net carrying amount	<u>3,761</u>	<u>3,761</u>
Cost at 1 January 2023, net of accumulated amortization	3,761	3,761
Additions	923	923
Amortization provided during the year	(1,800)	(1,800)
At 31 December 2023	<u>2,884</u>	<u>2,884</u>
At 31 December 2023		
Cost	20,514	20,514
Accumulated amortization	(17,630)	(17,630)
Net carrying amount	<u>2,884</u>	<u>2,884</u>

## 18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Investment costs	516,094	567,873	577,502

## 19. DEFERRED TAX

The movements in deferred tax during the Relevant Periods are as follows:

## Deferred tax assets

	Impairment of financial assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Total RMB'000
<b>31 December 2021</b>				
At 1 January 2021	9	5,426	219	5,654
Deferred tax credited to profit or loss during the year	14	13,497	395	13,906
At 31 December 2021	23	18,923	614	19,560
<b>31 December 2022</b>				
At 1 January 2022	23	18,923	614	19,560
Deferred tax (charged)/credited to profit or loss during the year	(12)	8,382	1,836	10,206
At 31 December 2022	11	27,305	2,450	29,766
<b>31 December 2023</b>				
At 1 January 2023	11	27,305	2,450	29,766
Deferred tax charged to profit or loss during the year	(11)	(7,137)	(1,251)	(8,399)
At 31 December 2023	–	20,168	1,199	21,367

**Deferred tax liabilities**

	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2021</b>		
At 1 January 2021	5,660	5,660
Deferred tax charged to profit or loss during the year	13,884	13,884
	<u>19,544</u>	<u>19,544</u>
At 31 December 2021	<u>19,544</u>	<u>19,544</u>
<b>31 December 2022</b>		
At 1 January 2022	19,544	19,544
Deferred tax charged to profit or loss during the year	10,167	10,167
	<u>29,711</u>	<u>29,711</u>
At 31 December 2022	<u>29,711</u>	<u>29,711</u>
<b>31 December 2023</b>		
At 1 January 2023	29,711	29,711
Deferred tax credited to profit or loss during the year	(8,344)	(8,344)
	<u>21,367</u>	<u>21,367</u>
At 31 December 2023	<u>21,367</u>	<u>21,367</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognized in the consolidated statements of financial position	23	55	–
Net deferred tax liabilities recognized in the consolidated statements of financial position	7	–	–
	<u>7</u>	<u>–</u>	<u>–</u>

The Group has accumulated tax losses arising in Mainland China of RMB383,861,000, RMB677,826,000 and RMB894,454,000 at the end of each of the Relevant Periods, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses arising in Hong Kong of RMB4,978,000, RMB9,579,000 and RMB11,682,000 at the end of each of the Relevant Periods, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has deductible temporary differences of RMB33,457,000, RMB39,486,000 and RMB66,507,000 at the end of each of the Relevant Periods, respectively.

Deferred tax assets have not been recognized in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses and the deductible temporary differences can be utilized.

## 20. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bills receivables	116,154	12,650	1,436
Trade receivables	74,454	129,799	129,139
Impairment	(16,390)	(11,563)	(17,912)
	<u>174,218</u>	<u>130,886</u>	<u>112,663</u>

The Group's trading terms with its precision marketing service customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2022, the principal amount of other borrowing from a third party of RMB50,000,000 and unpaid borrowing interest of RMB411,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB19,848,000 and other receivables of RMB57,807,000.

As at 31 December 2023, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB14,000 are guaranteed by a related party (Liu Huan) and also secured by trade receivables of RMB4,258,000 and other receivables of RMB87,037,000.

As at 31 December 2023, the principal amount of other borrowing from a third party of RMB90,000,000 and unpaid borrowing interest of RMB780,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB15,535,000 and other receivables of RMB252,974,000.

As at 31 December 2021, 2022 and 2023, the Group discounted bills receivable accepted by banks ("Discounted Bills") in Mainland China with a carrying amount of RMB125,616,000, RMB110,912,000 and RMB35,600,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards of certain Discounted Bills, which include default risks relating to such Discounted Bills. Those Discounted Bills were accounted as bank borrowings, which amounted to RMB115,116,000, RMB12,650,000 and nil, respectively. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

And for the remaining discounted bills receivable, the Group has derecognized those bills ("Derecognized Bills"), which amounted to RMB10,500,000, RMB98,262,000 and RMB35,600,000, respectively. The Derecognized Bills had a maturity of 4 months, 4 months and 6 months at 31 December 2021, 2022 and 2023, respectively.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant. During the Relevant Periods, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively. The discount has been made evenly throughout the year.

An ageing analysis of the bills receivables and trade receivables as at the end of each of the Relevant Periods, based on the date of recognition and net of allowance, is as follows:

*(a) Bills receivables*

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 1 year	115,030	12,516	1,425
	<u>115,030</u>	<u>12,516</u>	<u>1,425</u>

*(b) Trade receivables*

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within 90 days	44,753	108,465	72,757
90 days – 180 days	4,799	6,267	20,530
181 days – 1 year	3,885	1,001	14,128
Over 1 year	5,751	2,637	3,823
	<u>59,188</u>	<u>118,370</u>	<u>111,238</u>

The movements in loss allowance for impairment of bills receivables and trade receivables are as follows:

*(a) Bills receivables*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	487	1,124	134
Impairment/(reversal of impairment)	637	(990)	(123)
	<u>1,124</u>	<u>134</u>	<u>11</u>
Balance at end of year	<u>1,124</u>	<u>134</u>	<u>11</u>

*(b) Trade receivables*

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	30,404	15,266	11,429
Impairment	8,330	4,648	6,592
Receivables written off during the year as uncollectable	(23,468)	(8,485)	(120)
	<u>15,266</u>	<u>11,429</u>	<u>17,901</u>
Balance at end of year	<u>15,266</u>	<u>11,429</u>	<u>17,901</u>

**Impairment under IFRS 9 for the Relevant Periods**

An impairment analysis was made based on expected credit loss model on the recoverability of trade and bills receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's bills receivables and trade receivables using a provision matrix:

**(a) Bills receivables**

	As at 31 December		
	2021	2022	2023
	Within 1 year	Within 1 year	Within 1 year
Expected credit loss rate	0.97%	1.06%	0.77%
Gross carrying amount (RMB'000)	116,154	12,650	1,436
Expected credit losses (RMB'000)	1,124	134	11

**(b) Trade receivables****As at 31 December 2021**

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	1.34%	1.42%	1.42%	4.64%	1.68%	20.50%
Gross carrying amount (RMB'000)	14,254	45,360	4,868	3,941	6,031	60,200	74,454
Expected credit losses (RMB'000)	14,254	607	69	56	280	1,012	15,266

**As at 31 December 2022**

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	1.26%	1.26%	1.28%	3.41%	1.31%	8.81%
Gross carrying amount (RMB'000)	9,860	109,848	6,347	1,014	2,730	119,939	129,799
Expected credit losses (RMB'000)	9,860	1,383	80	13	93	1,569	11,429

**As at 31 December 2023**

	Individual basis	Collective basis				Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year	Over 1 year		
Expected credit loss rate	100.00%	2.06%	1.77%	2.05%	5.28%	2.12%	13.86%
Gross carrying amount (RMB'000)	15,495	74,286	20,899	14,423	4,036	113,644	129,139
Expected credit losses (RMB'000)	15,495	1,529	369	295	213	2,406	17,901

## 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

## The Group

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Non-current:			
Prepayments for purchase of items of property, plant and equipment	3,533	990	90
Deposits	4,462	14,653	18,581
Impairment allowance	–	(649)	(1,212)
Total	<u>7,995</u>	<u>14,994</u>	<u>17,459</u>
Current:			
Other receivables in relation to prepayment on behalf of advertisers – third parties*	1,065,794	1,334,168	1,670,000
Other prepayments	26,132	20,592	23,637
Other tax recoverable	17,560	39,978	27,966
Deposits	15,028	22,930	12,603
Prepayments for purchasing advertising traffic	9,853	2,885	4,758
Capitalization of listing expenses	1,307	3,321	1,146
Contract fulfilment cost (note 5)	–	–	6,663
Others	872	605	5,034
Impairment allowance	(22,438)	(24,627)	(40,483)
Total	<u>1,114,108</u>	<u>1,399,852</u>	<u>1,711,324</u>

\* In the online advertisement distribution services, sometimes, the Group makes prepayments to the media platforms on behalf of the advertisers before receiving the advance payment from these advertisers, these prepayments on behalf of advertisers are recognized as other receivables. As at 31 December 2022 and 2023, other receivables of RMB57,807,000 and RMB340,011,000 are pledged for bank and other borrowings respectively, further details are given in notes 20 and 26 to the Historical Financial Information.

An impairment analysis was made based on expected credit loss model on the recoverability of certain other receivables items, which are as follows:

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,065,794	1,334,168	1,670,000
Deposits	19,490	37,583	31,184
Others	872	605	5,034
Total	<u>1,086,156</u>	<u>1,372,356</u>	<u>1,706,218</u>

The movements in loss allowance for impairment of other receivables are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	16,214	22,438	25,276
Impairment	6,224	2,838	24,675
Receivables written off during the year as uncollectable	—	—	(8,256)
Balance at end of year	<u>22,438</u>	<u>25,276</u>	<u>41,695</u>

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

Set out below is the information about the credit risk exposure on the Group's other receivables using a provision matrix:

#### As at 31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	1.28%	5.24%	100.00%	2.07%
Gross carrying amount (RMB'000)	1,068,856	9,032	8,268	1,086,156
Expected credit losses (RMB'000)	<u>13,697</u>	<u>473</u>	<u>8,268</u>	<u>22,438</u>

#### As at 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	1.22%	3.41%	100.00%	1.84%
Gross carrying amount (RMB'000)	1,347,810	16,278	8,268	1,372,356
Expected credit losses (RMB'000)	<u>16,453</u>	<u>555</u>	<u>8,268</u>	<u>25,276</u>

#### As at 31 December 2023

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	2.01%	6.47%	100.00%	2.44%
Gross carrying amount (RMB'000)	1,659,990	40,525	5,703	1,706,218
Expected credit losses (RMB'000)	<u>33,369</u>	<u>2,623</u>	<u>5,703</u>	<u>41,695</u>

#### The Company

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Amounts due from related party – Shanghai Trueland*	29,942	38,320	46,698
Capitalization of listing expenses	<u>1,307</u>	<u>3,321</u>	<u>1,146</u>
Total	<u>31,249</u>	<u>41,641</u>	<u>47,844</u>

\* The Company's amounts due from related party is related to the share-based payments, as detailed in note 31 to the Historical Financial Information.

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bills receivables at fair value through other comprehensive income	–	2,076	1,610
Less: Change in fair value of financial assets at fair value through other comprehensive income	–	(21)	(8)
	<u>–</u>	<u>2,055</u>	<u>1,602</u>

## 23. CASH AND CASH EQUIVALENTS

## The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Cash on hand	145	10	90
Cash at banks	211,887	207,267	188,985
Cash equivalents	3,626	5,338	19,428
Less: Short-term bank deposit with maturities of more than three months*	–	–	(50,000)
Less: Restricted cash**	–	(9,109)	(20,481)
Cash and cash equivalents	<u>215,658</u>	<u>203,506</u>	<u>138,022</u>
Denominated in:			
RMB	173,959	185,190	132,540
USD	41,694	18,271	5,396
HKD	<u>5</u>	<u>45</u>	<u>86</u>
Total cash and bank balances	<u>215,658</u>	<u>203,506</u>	<u>138,022</u>

\* The effective interest rate of short-term bank deposit with maturities of more than three months was 1.95% as at 31 December 2023.

\*\* Pursuant to a tripartite agreement dated 25 March 2022 entered into among the Group, a supplier and a factoring company in relation to online advertisement business, when the Group is unable to make timely payment, the factoring company will pay the supplier unconditionally when there is no commercial dispute. To guarantee the payment, the factoring company supervised the bank account of the Group of RMB9,109,000 and RMB12,968,000 as at 31 December 2022 and 2023, respectively, with restriction.

Pursuant to a facility agreement dated 30 December 2022 entered into between the Group and a bank, a specific account is required to set up to guarantee the bank borrowing, and the bank supervised the special account of the Group of RMB7,427,000 as at 31 December 2023 with restriction.

**The Company**

	As at 31 December		
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash on hand	–	–	–
Cash at banks	3,983	70	257
Cash and cash equivalents	<u>3,983</u>	<u>70</u>	<u>257</u>
Denominated in:			
USD	3,983	70	257
Total cash and bank balances	<u>3,983</u>	<u>70</u>	<u>257</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit or short-term bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

**24. TRADE PAYABLES**

An ageing analysis of trade payables as at the end of each of the Relevant Periods, based on the date of recognition, is as follows:

	As at 31 December		
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	11,081	37,183	45,952
Over 1 year	4,487	6,486	4,998
	<u>15,568</u>	<u>43,669</u>	<u>50,950</u>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

**25. OTHER PAYABLES AND ACCRUALS****The Group**

	As at 31 December		
	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current:			
Deferred revenue	1,428	1,575	3,370
	<u>1,428</u>	<u>1,575</u>	<u>3,370</u>

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Cost payable to media platforms on behalf of customers*	62,773	319,790	312,649
Advance from advertisers**	78,412	155,121	183,836
Payroll and welfare payables	42,327	41,173	35,441
Deferred revenue	1,595	1,700	3,530
Deposits	4,941	12,494	18,757
Other tax payables	3,068	3,031	4,310
Other payables	15,205	22,162	29,805
Purchase of long-term assets	2,665	9,277	6,253
Accrued listing expenses	2,656	16,796	18,120
	<u>213,642</u>	<u>581,544</u>	<u>612,701</u>

\* Cost payable to media platforms on behalf of customers represents the traffic acquisition costs paid for our customers in the online advertisement distribution service.

\*\* Advance from advertisers represents the pre-collected payment from customers seeking for our online advertisement distribution services.

#### The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current:			
Accrued listing expenses	2,656	16,796	18,120
Amounts due to related party – Hongkong			
Kaililong	–	696	17,177
Amounts due to related party – Shanghai			
Trueland	–	–	5,832
Amounts due to related party – Marketingforce			
HongKong	–	279	283
Amounts due to related party – American			
Kaililong	–	–	975
Other payables	–	63	91
	<u>2,656</u>	<u>17,834</u>	<u>42,478</u>

#### 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

##### As at 31 December 2021

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.65%-5.35%	1 year	372,316
Bank loans – unsecured	3.70%	1 year	20,000
Discounted Bills	2.55%	1 year	115,116
			<u>507,432</u>

## As at 31 December 2022

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.65%-5.20%	1 year	349,817
Discounted Bills	1.25%-2.90%	1 year	12,650
Other borrowing – secured*	8.00%	1 year	50,411
			<u>412,878</u>

## As at 31 December 2023

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.24%-5.20%	1 year	529,032
Other borrowing – secured*	8.00%	1 year	90,780
			<u>619,812</u>

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Analyzed into:			
Bank and other loans repayable:			
Within one year or on demand	<u>507,432</u>	<u>412,878</u>	<u>619,812</u>
	<u>507,432</u>	<u>412,878</u>	<u>619,812</u>

The guarantee amounts provided by the relevant parties including the related parties as at 31 December 2021, 2022 and 2023 are as follows:

	As at 31 December		
	2021 RMB'000	2022 RMB'000	2023 RMB'000
Kaililong (Shanghai) Information Technology Co., Ltd.	–	–	150,197
Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	–	139,147
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	–	50,027	119,616
Trueland Information Technology (Shanghai) Co., Ltd. (Other borrowing – secured)*	–	50,411	90,780
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	70,026	70,047
Mr. Liu Huan**	–	–	20,014
Marketingforce Network Technology (Shanghai) Co., Ltd.	–	20,000	20,000

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Mr. Liu Huan, Ms. Shen Liyao, Trueland Information Technology (Shanghai) Co., Ltd.	–	7,008	10,011
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd.	210,130	50,067	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Trueland Information Technology (Shanghai) Co., Ltd.	30,046	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd., Kaililong (Shanghai) Information Technology Co., Ltd.	15,020	–	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	30,000	49,574	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	80,112	–	–
Mr. Liu Huan, Ms. Shen Liyao, Shanghai MSME Policy Financing Guarantee Fund Management Center	7,008	3,003	–
Mr. Zhao Xulong, Ms. Zhu Shuina, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	100,112	–
	<u>372,316</u>	<u>400,228</u>	<u>619,812</u>

\* As at 31 December 2022 and 2023, other borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

\*\* As at 31 December 2023, bank borrowing is also secured by trade receivables and other receivables, further details are given in note 20 to the Historical Financial Information.

The aforementioned guarantees from related parties are at no cost. Except for Mr. Zhao Xulong and Ms. Zhu Shuina, the guarantees from other related parties will not be released prior to the listing.

## 27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

### Redeemable Preferred Capital

In 2017, Shanghai Trueland and series A-1 investors entered into a share subscription agreement whereby the series A-1 investors made a total investment of RMB120,000,000.

In 2020, one of the series A-1 investors exited and the equity interests were taken over by series A-2 investor (together with series A-1 investors, the “Series A investors”).

Pursuant to the Reorganization in 2021, the equity interests held by the Series A investors were repurchased by issuing the Company’s series A preferred shares (“Series A Preferred Shares”). As a result of the change, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

**Redemption features**

Pursuant to the series A-1 investors' agreement, in the following circumstances, the series A-1 investors shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-1 investors at the price agreed in the series A-1 agreement: (i) Shanghai Trueland fails to consummate a listing within three years from the date of the series A-1 agreement; (ii) a feasible plan of listing of Shanghai Trueland to which the series A-1 investors or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of Shanghai Trueland due to the veto of the founder holding companies without reasonable causes; (iii) Mr. Zhao Xulong resigns or leaves Shanghai Trueland, or the founders directly or indirectly dispose their equity interests in Shanghai Trueland or take any other actions which may cause the change of control of Shanghai Trueland or may cause adverse impact on the listing of Shanghai Trueland, or the founders materially breach their non-compete obligations under the series A-1 agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between Shanghai Trueland and the founders.

Pursuant to the series A-2 investor's agreement, at any time, the series A-2 investor shall have the right to require Mr. Zhao Xulong or Shanghai Trueland to repurchase all of the equity interests held by the series A-2 investor at the price agreed in the series A-2 agreement.

The repurchase price of the series A-1 redeemable preferred capital is equivalent to the series A-1 subscription price plus earnings at an interest rate of 12% per annum.

The repurchase price of the series A-2 redeemable preferred capital is equivalent to the series A-2 subscription price plus earnings at an interest rate of 8% per annum.

**Presentation and classification**

The redemption obligations give rise to financial liabilities, which are measured initially at the present value of the repurchase amount and subsequently at amortized cost. The movements of redeemable preferred capital during the Relevant Periods are set out below.

The movements of redeemable preferred capital were as follows:

	<b>Series A-1</b> <i>RMB'000</i>	<b>Series A-2</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
1 January 2021	135,287	33,094	168,381
Interest expense (effective interest rate of 8%)	–	1,471	1,471
Interest expense (effective interest rate of 12%)	6,533	–	6,533
Transfer to Series A Preferred Shares	(141,820)	(34,565)	(176,385)
31 December 2021, 2022 and 2023	–	–	–

**Convertible redeemable preferred shares**

Pursuant to the Reorganization, in July 2021, the Company issued 114,421 Series A Preferred Shares with a par value of USD0.0001 per share to the Series A investors. Upon completion of the Reorganization, the interests of Shanghai Trueland previously held by the Series A investors are replaced with the interests of the Company.

In November 2021, the Group and series B investors entered into a share subscription agreement whereby series B investors made a total investment of USD92,138,000 for 138,553 series B preferred shares ("Series B Preferred Shares") with a par value of USD0.0001 per share.

***Conversion rights***

Each Preferred Share shall be convertible, at the option of the holder of the Preferred Shares at any time after the date of issuance, without the payment of any additional consideration. All outstanding Preferred Shares shall automatically be converted into ordinary shares upon the earlier of (i) the closing of a listing, or (ii) the date specified by written consent or agreement of the majority preferred shareholders. Initial conversion price is the original issuance price, which results in a conversion ratio of 1 for 1.

The applicable conversion price shall be adjusted and readjusted from time to time as (i) adjustment for share splits and combinations; (ii) adjustment for ordinary share dividends and distributions; (iii) adjustments for other dividends (iv) adjustments for Reorganizations, mergers, consolidations, reclassifications, exchanges, substitutions; (v) adjustments to conversion price for dilutive issuance; (vi) other dilutive events.

***Redemption features***

In the event that at any time upon the occurrence of any of the following events: (a) a listing is not consummated on or before the expiration of 36 months after the Series B Preferred Shares closing date; (b) a feasible plan of listing of the Company to which the holder of Preferred Shares or its appointed director has casted an affirmative vote is disapproved by the general meeting or the board of the Company due to the veto of the founder holding companies without reasonable causes; (c) Mr. Zhao Xulong resigns from the Company, or the founders directly or indirectly dispose their equity interests in the Company or take any other actions which may cause the change of control of the Company or may cause adverse impact on the listing of the Company, or the founders materially breach their non-compete obligations under the shareholders agreement or other obligations under any confidentiality agreement, non-compete agreement or employment contract by and between the Company and the founders; (d) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (e) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure.

***Liquidation preferences***

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to holders of Preferred Shares with an amount equal to (i) Series B Preferred Shares issue price and interest thereto at a simple rate of twelve percent (12%) of the Series B Preferred Shares issue price per annum calculating from the Series B Preferred Shares issue date, or (ii) Series A Preferred Shares issue price and interest thereto at a simple rate of eight percent (8%) of the Series A Preferred Shares issue price per annum calculating from the Series A Preferred Shares issue date, thereupon in the sequence below:

- (1) Series B Preferred Shares
- (2) Series A Preferred Shares

***Voting rights***

The holder of each Preferred Share shall be entitled to votes equal to the number of votes attaching to the number of ordinary shares to which such Preferred Shares could be converted. The holders of Preferred Shares shall vote with the holders of ordinary shares, and not as a separate class.

*Presentation and classification*

The Group designated host debt and conversion derivative of Preferred Shares as financial liabilities measured as fair value through profit or loss, presented as convertible redeemable preferred shares in the consolidated statements of financial position. Management considered that fair value change in the Preferred Shares attributable to changes of own credit risk is not significant. The movements of the convertible redeemable preferred shares are set out as follows:

<b>The Group and the Company</b>	<b>Convertible redeemable preferred shares RMB'000</b>
1 January 2021	–
Transfer from redeemable preferred capital	176,385
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	58,677
Issuance of Series B Preferred Shares	396,172
Redesignate ordinary shares to Series B Preferred Shares ( <i>Note 29 b</i> )	191,272
Fair value loss on financial liabilities at FVTPL	122,237
Translation exchange adjustments	(2,260)
	<hr/>
31 December 2021	942,483
	<hr/> <hr/>
Fair value loss on financial liabilities at FVTPL	61,069
Translation exchange adjustments	92,923
	<hr/>
31 December 2022	1,096,475
	<hr/> <hr/>
Fair value loss on financial liabilities at FVTPL	107,815
Translation exchange adjustments	19,499
	<hr/>
31 December 2023	1,223,789
	<hr/> <hr/>

*Valuation process of the Group for convertible redeemable preferred share*

The fair value of convertible redeemable preferred share is determined based on valuation performed by an independent professionally qualified valuer using the back-solve method to determine the underlying equity value of the Group and adopted the equity allocation model to determine the fair value of the convertible redeemable preferred shares as at 31 December 2021 and using the discounted cash flow method and the equity allocation model as at 31 December 2022 and 2023.

Back-solve method is used as at 31 December 2021 by consideration of the marketability that the Series B Preferred Shares financing occurred in November 2021, and the underlying equity value doesn't materially differs till 31 December 2021. No such marketability is available at 31 December 2022 and 2023, consequently the discounted cash flow method is used accordingly.

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Risk-free interest rate	0.96%	4.42%	4.70%
Discounts for lack of marketability ("DLOM")	17.00%	16.27%	6.47%
Volatility	45.53%	51.30%	39.60%
Possibilities under liquidation scenario	17.50%	17.50%	12.50%
Possibilities under redemption scenario	17.50%	17.50%	12.50%
Possibilities under conversion scenario	65.00%	65.00%	75.00%

The Group estimated the risk-free interest rate based on the yield of the US Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility is estimated based on daily stock prices of the comparable companies for a period equal to the expected terms for liquidation or redemption event as of the valuation date.

The increase or decrease in risk-free interest rate, DLOM, volatility and possibilities under conversion scenario with all other variables held constant would decrease or increase the fair value of convertible redeemable preferred shares. While for the possibilities under liquidation and redemption scenarios the increase or decrease of which, with all other variables held constant, would increase or decrease the fair value of convertible redeemable preferred shares.

## 28. OTHER CURRENT LIABILITIES

The other current liabilities are as below:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
VAT on contract liabilities	24,231	28,656	32,894

## 29. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 23 February 2021 with authorized share capital of USD50,000 divided into (i) 499,660,015 ordinary shares with par value of USD0.0001 each, (ii) 96,259 Series A-1 Preferred Shares with par value of USD0.0001 each, (iii) 18,162 Series A-2 Preferred Shares with par value of USD0.0001 each, (iv) 225,564 Series B Preferred Shares with par value of USD0.0001 each.

On 8 August 2022, each issued and unissued shares of a par value of US\$0.0001 each in the capital of the Company was sub-divided into 20 shares of a par value of US\$0.000005 each. Subsequent to the share split, the authorized share capital of the Company was US\$50,000 divided into 10,000,000,000 shares of a par value of US\$0.000005 each.

### Ordinary shares

	31 December 2021 USD	31 December 2022 USD	31 December 2023 USD
Authorized:			
499,660,015 ordinary shares of USD0.0001 each	49,966	–	–
9,993,200,300 ordinary shares of USD0.000005 each	–	49,966	49,966
	<u>–</u>	<u>49,966</u>	<u>49,966</u>
Issued and fully paid:			
	Number of shares in issue	Share capital USD'000	Share capital RMB'000
At 31 December 2021	893,098	89	1
At 31 December 2022 and 2023	17,861,960	89	1

Movements in the issued share capital from 23 February 2021 (date of incorporation) to 31 December 2023 were as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2021	–	–
Issue of ordinary shares ( <i>Note a</i> )	938,211	1
Redesignated to Series B Preferred Shares ( <i>Note b</i> )	(45,113)	–
At 31 December 2021	<u>893,098</u>	<u>1</u>
Each in the capital of the Company was sub-divided into 20 shares	<u>16,968,862</u>	–
At 31 December 2022 and 2023	<u>17,861,960</u>	<u>1</u>

*Note a:*

- (1) On 23 February 2021, the Company issued and allotted one ordinary share to the initial subscriber (an independent third party) at par value, and was subsequently transferred, on the same day, to Willam Zhao Limited, a limited liability company incorporated in the British Virgin Islands, which is ultimately controlled by Mr. Zhao Xulong.
- (2) On 23 February 2021, the Company issued and allotted an aggregate of 885,578 shares to the following entities at par value:

Shareholders	Numbers of shares issued	Subscription price USD
Willam Zhao Limited	352,864	35.29
Shuina Zhu Limited	298,402	29.84
Shanghai Hongyu Limited	96,259	9.63
Fangqi Zhao Limited	77,005	7.70
Shanghai Zhiyu Limited	22,544	2.25
Kaihua Tan Limited	19,252	1.93
Peimin Guo Limited	5,088	0.51
Wenhua Xu Limited	14,164	1.42
Total	<u>885,578</u>	

- (3) On 10 November 2021, the Company issued and allotted 52,632 ordinary shares to Isle Wealth Limited at par value.
- (4) On 12 November 2021, Willam Zhao Limited transferred ordinary shares to other ordinary shareholders as follows:
  - (i) 13,158 ordinary shares to Zhenjun He;
  - (ii) 5,639 ordinary shares to Multi Link Corporate Development Limited;
  - (iii) 9,398 ordinary shares to Great Boom Group Limited; and
  - (iv) 7,519 ordinary shares to Top Mountain Shuye LP.

*Note b:*

- (1) On 10 November 2021, 45,113 ordinary shares held by Mr. Zhao Xulong were redesignated and transferred to Rongjing Co. Limited as Series B Preferred Shares.

**30. RESERVES****The Group**

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

*(a) Capital reserve*

The capital reserve/share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

*(b) Share-based payment reserve*

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

*(c) Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies in the Group of which the functional currency is not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the Historical Financial Information.

**The Company**

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
As at 1 January 2021	–	–	–	–	–	–
Loss for the year	–	–	–	–	(131,340)	(131,340)
Other comprehensive income for the year	–	–	–	5,356	–	5,356
Total comprehensive loss for the year	–	–	–	5,356	(131,340)	(125,984)
Transfer to convertible redeemable preferred shares	–	(297,774)	–	–	–	(297,774)
Equity-settled share option arrangements	–	–	29,944	–	–	29,944
Issue of shares	1	–	–	–	–	1
As at 31 December 2021 and 1 January 2022	<u>1</u>	<u>(297,774)</u>	<u>29,944</u>	<u>5,356</u>	<u>(131,340)</u>	<u>(393,813)</u>
Loss for the year	–	–	–	–	(73,722)	(73,722)
Other comprehensive loss for the year	–	–	–	(45,568)	–	(45,568)
Total comprehensive loss for the year	–	–	–	(45,568)	(73,722)	(119,290)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
As at 31 December 2022	<u>1</u>	<u>(297,774)</u>	<u>38,322</u>	<u>(40,212)</u>	<u>(205,062)</u>	<u>(504,725)</u>

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share- based payment reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total equity <i>RMB'000</i>
Loss for the year	–	–	–	–	(133,983)	(133,983)
Other comprehensive loss for the year	–	–	–	(10,334)	–	(10,334)
Total comprehensive loss for the year	–	–	–	(10,334)	(133,983)	(144,317)
Equity-settled share option arrangements	–	–	8,378	–	–	8,378
At 31 December 2023	<u>1</u>	<u>(297,774)</u>	<u>46,700</u>	<u>(50,546)</u>	<u>(339,045)</u>	<u>(640,664)</u>

### 31. SHARE-BASED PAYMENTS

#### Employee incentive platform

Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海宏宇資產管理合夥企業(有限合夥)) (“Shanghai Hongyu”), is a limited partnership incorporated in the PRC on 6 November 2015 as the employee stock ownership platform. The general partner of Shanghai Hongyu is Mr. Xu Jiankang, the executive director and senior vice president of the Company.

Shanghai Hongyu Limited, a company incorporated on 9 February 2021 in the British Virgin Islands, was wholly owned by Shanghai Hongyu. Pursuant to the Reorganization, each of Shanghai Hongyu and Mr. Xu Jiankang is deemed to be interested in the shares held by Shanghai Hongyu Limited.

#### Share incentive plan

In December 2015, Shanghai Trueland adopted a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the share incentive plan may include any officer, directors, employees of the Group, and any individual consultants or advisors who render or have rendered bona fide services to the Group.

Subject to any restriction contained in the share incentive plan, each vested share shall not be exercisable until the later of the following: (i) the date such share has vested and (ii) 30 days after the listing but shall be exercised no later than 90 days after such vested share become exercisable. The exercise price for each share under the share incentive plan is RMB8.33.

The following shares were outstanding under the share incentive plan during the Relevant Periods:

	Number of shares
At 1 January 2021	2,688,342
Granted during the year	311,658
Forfeited during the year	–
At 31 December 2021, 2022 and 2023	<u>3,000,000</u>

Upon the Reorganization, the underlying shares of the share incentive plan have been changed from Shanghai Trueland to the Company.

During the Relevant Periods, the Group recognized share-based compensation expenses of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively.

The fair value of options granted during the Relevant Periods is measured based on discounted cash flow method.

Key valuation assumptions used to determine the fair value of options granted are as follows:

	<b>22 February 2021</b> <i>RMB'000</i>
Method	Discounted cash flow method
Risk-free interest rate	3.03%
DLOM	18.00%
Volatility	43.11%

The Group estimated the risk-free interest rate based on the yield of the Mainland China Government Bond on 22 February 2021. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

### 32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of RMB149,811,000, RMB72,826,000 and RMB5,591,000, and non-cash additions to lease liabilities of RMB149,811,000, RMB72,826,000 and RMB5,591,000, respectively, in respect of lease arrangements for properties.

During the Relevant Periods, the Group had non-cash additions to share-based payment reserves of RMB7,952,000, RMB8,378,000 and RMB8,378,000, respectively, in respect of share-based payment arrangements.

During the Relevant Periods, the Group had non-cash subtractions to trade and bills receivables of RMB8,604,000, RMB115,116,000 and RMB12,650,000, and non-cash subtractions to interest-bearing bank and other borrowings of RMB8,604,000, RMB115,116,000 and RMB12,650,000, respectively, in respect of Discounted Bills.

#### (b) Changes in liabilities arising from financing activities

	<b>Interest- bearing bank and other borrowings</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i>	<b>Redeemable preferred capital</b> <i>RMB'000</i>	<b>Convertible redeemable preferred shares</b> <i>RMB'000</i>	<b>Total liabilities from financing activities</b> <i>RMB'000</i>
As at 1 January 2021	190,428	45,612	168,381	–	404,421
Cash flows from/(used in) financing activities	314,589	(31,533)	(128,560)	524,732	679,228
Non-cash changes:					
New leases	–	149,811	–	–	149,811
Accrual of interest	11,019	7,458	8,004	–	26,481
Lease termination	–	(1,823)	–	–	(1,823)
Difference between the carrying amount of redeemable preferred capital and the fair value of Series A Preferred Shares	–	–	–	58,677	58,677

	<b>Interest-bearing bank and other borrowings</b>	<b>Lease liabilities</b>	<b>Redeemable preferred capital</b>	<b>Convertible redeemable preferred shares</b>	<b>Total liabilities from financing activities</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Redesignate ordinary shares to Series B Preferred Shares	–	–	–	191,272	191,272
Fair value loss on financial liabilities at FVTPL	–	–	–	122,237	122,237
Translation exchange adjustments	–	–	–	(2,260)	(2,260)
Transfer to convertible redeemable preferred shares	–	–	(47,825)	47,825	–
Reclassification	(8,604)	–	–	–	(8,604)
As at 31 December 2021 and 1 January 2022	<u>507,432</u>	<u>169,525</u>	<u>–</u>	<u>942,483</u>	<u>1,619,440</u>
Cash flows from/(used in) financing activities	5,236	(45,317)	–	–	(40,081)
Non-cash changes:					
New leases	–	72,826	–	–	72,826
Accrual of interest	15,326	12,664	–	–	27,990
Lease termination	–	(1,743)	–	–	(1,743)
Reclassification	(115,116)	–	–	–	(115,116)
Translation exchange adjustments	–	–	–	92,923	92,923
Fair value changes of preferred shares	–	–	–	61,069	61,069
As at 31 December 2022 and 1 January 2023	<u>412,878</u>	<u>207,955</u>	<u>–</u>	<u>1,096,475</u>	<u>1,717,308</u>
Cash flows from/(used in) financing activities	195,695	(73,220)	–	–	122,475
Non-cash changes:					
New leases	–	5,591	–	–	5,591
Accrual of interest	23,889	11,350	–	–	35,239
Lease modification	–	(5,012)	–	–	(5,012)
Lease termination	–	(2,717)	–	–	(2,717)
Reclassification	(12,650)	–	–	–	(12,650)
Translation exchange adjustments	–	–	–	19,499	19,499
Fair value changes of preferred shares	–	–	–	107,815	107,815
As at 31 December 2023	<u>619,812</u>	<u>143,947</u>	<u>–</u>	<u>1,223,789</u>	<u>1,987,548</u>

**(c) Total cash outflow for leases**

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Within operating activities	1,343	1,349	1,769
Within financing activities	31,533	45,317	73,220
	<u>32,876</u>	<u>46,666</u>	<u>74,989</u>

**33. COMMITMENTS**

At the end of each of the Relevant Periods, the Group and the Company did not have any significant commitment.

**34. RELATED PARTY TRANSACTIONS AND BALANCES**

The directors of the Company are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the Relevant Periods.

**(a) Name and relationship**

Name of related parties	Relationship with the Group and the Company
Zhao Xulong	Chief executive director and a shareholder
Tianjin Zhengdao North Beta Consulting Co., Ltd (“North Beta”)	A shareholder of a shareholder of the Company
CCB INTERNATIONAL CAPITAL LIMITED (“CCBI”)	A sister affiliate of a shareholder of the Company
Liu Huan	Senior management
Shen Liyao	The spouse of a senior management

**(b) Transactions with related parties**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Purchase of services			
CCBI	–	1,845	1,140
North Beta	11,692	300	300
	<u>11,692</u>	<u>2,145</u>	<u>1,440</u>
Borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	8,000	35,500	–
	<u>8,000</u>	<u>35,500</u>	<u>–</u>

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Repayment of borrowings from related parties			
Mr. Zhao Xulong	–	–	–
Mr. Liu Huan	(8,000)	(35,500)	–
	<u>(8,000)</u>	<u>(35,500)</u>	<u>–</u>
	<u>(8,000)</u>	<u>(35,500)</u>	<u>–</u>

**(c) Other transactions with related parties**

Certain of the Group's directors, senior management and shareholder have guaranteed certain bank loans made to the Group as disclosed in note 26 to the Historical Financial Information.

**(d) Outstanding balance with related parties**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other payables and accruals			
CCBI*	–	1,845	1,214
	<u>–</u>	<u>1,845</u>	<u>1,214</u>

\* The outstanding balance with CCBI is non-trade in nature and is associated with the listing expense. The Company commits to make payment in 2024.

**(e) Compensation of key management personnel of the Group**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Short term employee benefits	7,623	9,557	12,430
Contributions to the pension scheme	285	313	340
Share-based payment compensation	5,799	6,226	6,226
	<u>13,707</u>	<u>16,096</u>	<u>18,996</u>

Further details of directors' and the chief executive's emoluments are included in note 10 to the Historical Financial Information.

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

**As at 31 December 2021***Financial assets*

	<b>Financial assets at amortized cost RMB'000</b>
Financial assets included in prepayments, other receivables and other assets (note 21)	1,063,718
Trade and bills receivables (note 20)	174,218
Cash and cash equivalents (note 23)	215,658
	<u>1,453,594</u>

*Financial liabilities*

	<b>At amortized cost RMB'000</b>	<b>At FVTPL RMB'000</b>	<b>Total RMB'000</b>
Trade payables (note 24)	15,568	–	15,568
Convertible redeemable preferred shares (note 27)	–	942,483	942,483
Financial liabilities included in other payables and accruals (note 25)	88,240	–	88,240
Interest-bearing bank and other borrowings (note 26)	507,432	–	507,432
	<u>611,240</u>	<u>942,483</u>	<u>1,553,723</u>

**As at 31 December 2022***Financial assets*

	<b>At amortized cost RMB'000</b>	<b>At FVTOCI RMB'000</b>	<b>Total RMB'000</b>
Financial assets included in prepayments, other receivables and other assets (note 21)	1,347,080	–	1,347,080
Trade and bills receivables (note 20)	130,886	–	130,886
Financial assets at fair value through other comprehensive income (note 22)	–	2,055	2,055
Restricted cash (note 23)	9,109	–	9,109
Cash and cash equivalents (note 23)	203,506	–	203,506
	<u>1,690,581</u>	<u>2,055</u>	<u>1,692,636</u>

*Financial liabilities*

	<b>At amortized cost</b>	<b>At FVTPL</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (note 24)	43,669	–	43,669
Convertible redeemable preferred shares (note 27)	–	1,096,475	1,096,475
Financial liabilities included in other payables and accruals (note 25)	380,519	–	380,519
Interest-bearing bank and other borrowings (note 26)	412,878	–	412,878
	<u>837,066</u>	<u>1,096,475</u>	<u>1,933,541</u>

**As at 31 December 2023***Financial assets*

	<b>At amortized cost</b>	<b>At FVTOCI</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments, other receivables and other assets (note 21)	1,664,523	–	1,664,523
Trade and bills receivables (note 20)	112,663	–	112,663
Financial assets at fair value through other comprehensive income (note 22)	–	1,602	1,602
Restricted cash (note 23)	20,481	–	20,481
Short-term bank deposits (note 23)	50,000	–	50,000
Cash and cash equivalents (note 23)	138,022	–	138,022
	<u>1,985,689</u>	<u>1,602</u>	<u>1,987,291</u>

*Financial liabilities*

	<b>At amortized cost</b>	<b>At FVTPL</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (note 24)	50,950	–	50,950
Convertible redeemable preferred shares (note 27)	–	1,223,789	1,223,789
Financial liabilities included in other payables and accruals (note 25)	385,584	–	385,584
Interest-bearing bank and other borrowings (note 26)	619,812	–	619,812
	<u>1,056,346</u>	<u>1,223,789</u>	<u>2,280,135</u>

## 36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the convertible redeemable preferred shares measured at FVTPL are determined using the back-solve method and the discounted cash flow method. Further details are set out in note 27.

The fair values of the bill receivables measured at FVTOCI are determined using the discounted cash flow method. Further details are set out in note 22 to the Historical Financial Information.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

*Assets measured at fair value***As at 31 December 2022**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at FVTOCI	–	–	2,055	2,055

**As at 31 December 2023**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at FVTOCI	–	–	1,602	1,602

*Liabilities measured at fair value*

As at 31 December 2021

	Fair value measurement using			Total RMB'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at FVTPL	–	–	942,483	942,483

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at FVTPL	–	–	1,096,475	1,096,475

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
(Level 1)	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at FVTPL	–	–	1,223,789	1,223,789

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021, 2022 and 2023:

	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
Convertible redeemable preferred shares	Back-solve method	Risk-free interest rate	2021	0.96%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB262,000
		Discounts for lack of marketability ("DLOM")	2021	17.00%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB10,766,000/RMB10,573,000
		Volatility	2021	45.53%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB8,404,000

	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2022	4.42%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB832,000/RMB836,000
		DLOM	2022	16.27%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB11,820,000/RMB11,680,000
		Volatility	2022	51.30%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB9,016,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2022	2.51%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB1,000
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2023	4.70%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB393,000/RMB394,000
		DLOM	2023	6.47%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB3,607,000
		Volatility	2023	39.60%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB3,039,000/RMB3,058,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2023	2.51%-2.54%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB413

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank and other borrowings, and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarized below.

#### Foreign currency risk

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's loss before tax and the Group's equity (excluding retained profits/accumulated losses) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
<u>Year ended 31 December 2021</u>			
If RMB weakens against US\$	5	16	(23,922)
If RMB strengthens against US\$	(5)	(16)	23,922
<u>Year ended 31 December 2022</u>			
If RMB weakens against US\$	5	3,920	(43,624)
If RMB strengthens against US\$	(5)	(3,920)	43,624
<u>Year ended 31 December 2023</u>			
If RMB weakens against US\$	5	6,747	(53,344)
If RMB strengthens against US\$	(5)	(6,747)	53,344

#### Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, short-term bank deposits, restricted cash, trade and bills receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

##### (i) Credit risk of trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding trade receivable balances is not significant.

In calculating the expected credit loss rate, the Group considers the historical loss rates for its customers and adjusts for forward-looking macroeconomic data. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information. As at 31 December 2021, 2022 and 2023, the Group had certain concentrations of credit risk as 15.71%, 35.31% and 24.43% of the Group's trade receivables were due from the Group's largest debtor and 55.86%, 76.69% and 59.79% of the Group's trade receivables were due from the Group's five largest debtors, respectively.

##### (ii) Credit risk of bills receivables, other receivables and financial assets at fair value through other comprehensive income

For bills receivables and financial assets included in prepayment, other receivables, other assets and financial assets at fair value through other comprehensive income, management makes periodic collective assessments as well as individual assessment on the recoverability of these instruments based on historical settlement records and past experiences. At 31 December 2021, 2022 and 2023, the credit ratings of other receivables, bill receivables and financial assets at fair value through other comprehensive income were assessed. The Group assessed that the expected credit losses for these financial assets were not material under the 12-month expected credit loss model. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding bills receivables and other receivable balances is not significant.

*(iii) Credit risk of cash and cash equivalents, short-term bank deposits and restricted cash*

To manage this risk arising from cash and cash equivalents, short-term bank deposits and restricted cash, they are mainly placed with banks with high credit ratings. There has been no recent history of default in relation to these financial institutions. Based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

**31 December 2021**

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	74,454	74,454
Bills receivables	116,154	–	–	–	–	116,154
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,068,856	–	–	–	–	1,068,856
– Doubtful**	–	9,032	8,268	–	–	17,300
Cash and cash equivalents	215,658	–	–	–	–	215,658
	<u>1,400,668</u>	<u>9,032</u>	<u>8,268</u>	<u>–</u>	<u>74,454</u>	<u>1,492,422</u>

**31 December 2022**

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	129,799	129,799
Bills receivables	12,650	–	–	–	–	12,650
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,347,810	–	–	–	–	1,347,810
– Doubtful**	–	16,278	8,268	–	–	24,546
Financial assets at fair value through other comprehensive income	2,055	–	–	–	–	2,055
Restricted cash	9,109	–	–	–	–	9,109
Cash and cash equivalents	203,506	–	–	–	–	203,506
	<u>1,575,130</u>	<u>16,278</u>	<u>8,268</u>	<u>–</u>	<u>129,799</u>	<u>1,729,475</u>

31 December 2023

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade receivables*	–	–	–		129,139	129,139
Bills receivables	1,436	–	–		–	1,436
Financial assets included in prepayments, other receivables and other assets						
– Normal**	1,659,990	–	–		–	1,659,990
– Doubtful**	–	40,525	5,703		–	46,228
Financial assets at fair value through other comprehensive income	1,602	–	–		–	1,602
Restricted cash	20,481	–	–		–	20,481
Short-term bank deposits	50,000	–	–		–	50,000
Cash and cash equivalents	138,022	–	–		–	138,022
	<u>1,871,531</u>	<u>40,525</u>	<u>5,703</u>		<u>129,139</u>	<u>2,046,898</u>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

**31 December 2021**

	<b>Within 1 year or on demand RMB'000</b>	<b>1 year to 2 years RMB'000</b>	<b>2 years to 5 years RMB'000</b>	<b>Over 5 years RMB'000</b>	<b>Total RMB'000</b>
Trade payables	15,568	–	–	–	15,568
Other payables and accruals	88,240	–	–	–	88,240
Interest-bearing bank and other borrowings	517,068	–	–	–	517,068
Convertible redeemable preferred shares	–	–	1,031,077	–	1,031,077
Lease liabilities	53,289	51,194	87,081	645	192,209
	<u>674,165</u>	<u>51,194</u>	<u>1,118,158</u>	<u>645</u>	<u>1,844,162</u>

**31 December 2022**

	<b>Within 1 year or on demand RMB'000</b>	<b>1 year to 2 years RMB'000</b>	<b>2 years to 5 years RMB'000</b>	<b>Over 5 years RMB'000</b>	<b>Total RMB'000</b>
Trade payables	43,669	–	–	–	43,669
Other payables and accruals	380,519	–	–	–	380,519
Interest-bearing bank and other borrowings	419,939	–	–	–	419,939
Convertible redeemable preferred shares	–	1,031,077	–	–	1,031,077
Lease liabilities	82,753	53,784	98,210	–	234,747
	<u>926,880</u>	<u>1,084,861</u>	<u>98,210</u>	<u>–</u>	<u>2,109,951</u>

**31 December 2023**

	<b>Within 1 year or on demand RMB'000</b>	<b>1 year to 2 years RMB'000</b>	<b>2 years to 5 years RMB'000</b>	<b>Over 5 years RMB'000</b>	<b>Total RMB'000</b>
Trade payables	50,950	–	–	–	50,950
Other payables and accruals	385,584	–	–	–	385,584
Interest-bearing bank and other borrowings	626,927	–	–	–	626,927
Convertible redeemable preferred shares	1,031,077	–	–	–	1,031,077
Lease liabilities	59,082	45,263	51,194	–	155,539
	<u>2,153,620</u>	<u>45,263</u>	<u>51,194</u>	<u>–</u>	<u>2,250,077</u>

**Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group regards net assets as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	2,293,763	2,856,325	3,263,595
Total assets	1,811,077	2,076,432	2,302,900
Debt-to-asset ratios	126.65%	137.56%	141.72%

**38. EVENTS AFTER THE RELEVANT PERIODS**

Pursuant to the fourth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 12 January 2024, the holders of the preferred shares shall be entitled to redemption rights at any time upon the occurrence of any of the following events: (i) a listing is not consummated on or before 30 June 2025; or (ii) any material breach of the transaction documents by any group companies, founder or founder holding companies, which has or is likely to result in any significant damage or loss to the Company; or (iii) any material change of applicable laws that may be reasonably expected to have material adverse impact on the Company's control structure.

On 26 January 2024, Shanghai Trueland entered into an equity joint venture agreement with two third parties to establish a limited company. Shanghai Trueland and the two third parties have committed to subscribe 40%, 30% and 30% of the registered capital of the newly established company at an aggregate consideration of RMB8,000,000, RMB6,000,000 and RMB6,000,000, respectively.

On 1 March 2024, Isle Wealth Limited granted 1,052,640 shares of restricted stock to eligible participants who contribute to the success of the Group.

Except for the aforementioned, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2023.

**39. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this document.

### (A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as of 31 December 2023 as if the Global Offering had taken place on 31 December 2023.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 December 2023 or at any future date. It is prepared based on our consolidated net tangible liabilities as of 31 December 2023 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible liabilities attributable to owners of the Company as at 31 December 2023 (RMB'000) (Note 1)	Estimated net proceeds from the Global Offering (RMB'000) (Note 2)	Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares (RMB'000) (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2023 (RMB'000)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 (RMB) (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 (HK\$) (Note 5)
Based on an Offer Price of HK\$42.00 per Share	(963,579)	200,195	1,223,789	460,405	1.96	2.16
Based on an Offer Price of HK\$43.50 per Share	(963,579)	208,012	1,223,789	468,222	1.99	2.19
Based on an Offer Price of HK\$45.00 per Share	(963,579)	215,829	1,223,789	476,039	2.02	2.23

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

- (1) The consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2023 was equal to the consolidated net liabilities attributable to owners of the Company as at 31 December 2023 of RMB960,695,000 after deducting intangible assets of RMB2,884,000 as at 31 December 2023 as set out in the Accountants' Report in Appendix I to this Prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$42.00, HK\$43.50 or HK\$45.00 per Shares, after deduction of the underwriting fees and other related expenses payable by our Group (excluding the listing expenses that have been charged to profit or loss during the Track Record Period). For the purpose of the estimated net proceeds from the Global Offering, the amounts denominated in HK\$ have been converted into RMB at the rate of HK\$1.00 to RMB0.90772, which were the exchange rates prevailing on 29 April 2024 with reference to the rates published by The People's Bank Of China. No representation is made that the HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.
- (3) Upon the Listing and the completion of the Global Offering, all the convertible redeemable preferred shares will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the Company will be increased by RMB1,223,789,000 as at 31 December 2023.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at after adjustments referred in notes 2 and 3 above and on the basis that 235,164,100 Shares are in issue, assuming that the 2022 Share Subdivision, the conversion of convertible redeemable preferred shares into Ordinary Shares, the Share Subdivision and the Global Offering had been completed on 31 December 2023.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.90772 to HK\$1.00. No representation is made that the HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rates or at all.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.*

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**To the Directors of Marketingforce Management Ltd**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Marketingforce Management Ltd (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2023, and related notes as set out on pages II-1 and II-2 of the prospectus dated 7 May 2024 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 31 December 2023 as if the transaction had taken place at 31 December 2023. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2023, on which an accountants’ report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Our independence and quality management**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

7 May 2024

**SUMMARY OF THE CONSTITUTION OF THE COMPANY**

**1     Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on April 25, 2024 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed “Documents available on display”.

**2     Articles of Association**

The Articles of Association of the Company were conditionally adopted on April 25, 2024 and include provisions to the following effect:

**2.1   *Directors***

*(a)   Power to allot and issue Shares*

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

*(b)   Power to dispose of the assets of the Company or any subsidiary*

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

*(c)   Compensation or payment for loss of office*

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

*(d) Loans to Directors*

There are no provisions in the Articles of Association relating to making of loans to Directors.

*(e) Financial assistance to purchase Shares*

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

*(f) Disclosure of interest in contracts with the Company or any of its subsidiaries*

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
  - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
  - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) *Retirement, appointment and removal*

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

**2.2 *Alteration to constitutional documents***

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

**2.3 *Variation of rights of existing shares or classes of shares***

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

#### *2.4 Alteration of capital*

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Cayman Companies Act.

#### *2.5 Special resolution – majority required*

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Cayman Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members

of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

## ***2.6 Voting rights***

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member’s behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

#### ***2.7 Annual general meetings and extraordinary general meetings***

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

### ***2.8 Accounts and audit***

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Cayman Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

### ***2.9 Auditors***

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

### ***2.10 Notice of meetings and business to be conducted thereat***

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and

the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;
- (b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

### *2.11 Transfer of shares*

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

#### ***2.12 Power of the Company to purchase its own shares***

Subject to the provisions of the Cayman Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

#### ***2.13 Power of any subsidiary of the Company to own shares***

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

#### ***2.14 Dividends and other methods of distribution***

Subject to the Cayman Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

#### *2.15 Proxies*

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

*2.16 Calls on shares and forfeiture of shares*

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

***2.17 Inspection of register of members***

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Cayman Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

***2.18 Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

***2.19 Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

***2.20 Procedure on liquidation***

Subject to the Cayman Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Cayman Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

#### ***2.21 Untraceable members***

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

**SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**

**1     Introduction**

The Cayman Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**2     Incorporation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 February 2021 under the Cayman Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

**3     Share Capital**

The Cayman Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act);
- (d) writing-off the preliminary expenses of the company;

- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Cayman Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

#### **4     Dividends and Distributions**

With the exception of section 34 of the Cayman Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

#### **5     Shareholders' Suits**

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

#### **6     Protection of Minorities**

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

#### **7     Disposal of Assets**

The Cayman Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

## **8     Accounting and Auditing Requirements**

The Cayman Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

## **9     Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

## **10    Inspection of Books and Records**

Members of a company will have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

## **11    Special Resolutions**

The Cayman Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

## **12 Subsidiary Owning Shares in Parent**

The Cayman Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

## **13 Mergers and Consolidations**

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

## **14 Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

**15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**16 Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Restructuring**

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Cayman Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

**18 Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**19 Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**20 Taxation**

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of the Company;  
or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

**21    Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**22    General**

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is on display on the websites as referred to in the section headed "Documents available on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on February 23, 2021. Our registered office address is at the office of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. As our Company was incorporated in the Cayman Islands, our Company's corporate structure and Memorandum and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant aspects of the Cayman Islands Company law and our Memorandum and Articles of Association is set out in Appendix IV of this prospectus.

Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 30, 2022, and our Company's principal place of business in Hong Kong is at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon Hong Kong. Mr. LI Kin Wai has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

As at the date of this prospectus, our Company's head office was located at Trueland Centre, Building 8, No. 1 Lane 1401, Jiangchang Road, Jing'an District, Shanghai, China.

**2. Changes in share capital of our Company**

On February 23, 2021, our Company was incorporated with an authorized share capital of US\$50,000.00 divided into 500,000,000 Shares of a par value of US\$0.0001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this prospectus:

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

We expect to conduct the Share Subdivision immediately before the Listing, pursuant to which each share (including Ordinary Shares and Preferred Shares) with par value US\$0.000005 in our issued and unissued share capital will be subdivided into ten shares with par value US\$0.0000005 each, such that immediately following such Share Subdivision, our Company's authorized share capital was US\$50,000 divided into 100,000,000,000 Shares, with a par value of US\$0.0000005 each.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

### 3. Changes in share capital of our subsidiaries and Consolidated Affiliated Entities

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix I.

There has been no alteration in the share capital of any subsidiary or Consolidated Affiliated Entity of our Company within the two years immediately preceding the date of this prospectus.

Save for the subsidiaries and Consolidated Affiliated Entities mentioned in the Accountant's Report set out in Appendix I to this prospectus, our Company has no other subsidiaries or Consolidated Affiliated Entities.

### 4. Written resolutions of the shareholders of our Company passed on April 25, 2024

Pursuant to the written resolutions of all then existing Shareholders of our Company dated April 25, 2024, the following resolutions of the Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering", and pursuant to the terms set out therein:

- (a) the Company approved and adopted the Memorandum of Association and Articles of Association with effect conditional and immediately upon the Listing;
- (b) the re-designation and the re-classification of all issued Preferred Shares into Ordinary Shares on a one-to-one basis immediately before the completion of the Global Offering was approved;
- (c) the Share Subdivision of each of the issued and unissued shares of the Company with par value US\$0.000005 into ten Shares with par value US\$0.000005 each was approved, such that the share capital of the Company will become US\$500,000 divided into 100,000,000,000 ordinary shares with a par value of US\$0.000005 each;
- (d) the Global Offering were approved and any Director of our Company from time to time or (if applicable), any of his/their duly authorized attorney (the "**Authorized Signatory**") were authorized to, among other things, allot and issue the Shares pursuant to the Global Offering, and negotiate and agree to the Offer Price per Offer Share with the Overall Coordinators;
- (e) the Listing was approved, and any Authorized Signatory would be authorized to implement the Listing;

(f) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general unconditional mandate would be granted to the Directors to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to a (i) rights issue; (ii) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares; and (iii) a specific authority granted by the Shareholder(s) in general meeting, shall not exceed the aggregate of:

(A) 20% of the total number of Shares in issue immediately following the completion of the Global Offering; and

(B) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual general meeting the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholder(s) in general meeting (the “**Relevant Period**”);

(g) a general unconditional mandate would be granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the Global Offering in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (i) the conclusion of the next annual meeting of the Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum of Association and Articles of Association or any applicable laws to be held; and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholder(s) in general meeting; and

- (h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (g) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering).

## 5. Buy-back of our Shares

This section includes information relating to the buy-backs of securities, including information required by the Stock Exchange to be included in this prospectus concerning such buy-back.

### (a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

#### (i) *Shareholders' approval*

All proposed buy-backs of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of the shareholders of our Company passed on April 25, 2024, a general unconditional mandate (the “**Buy-back Mandate**”) was given to our Directors to exercise all powers of our Company to buy back Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering, with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which our Company’s next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

*(ii) Source of funds*

Any buy-backs of Shares by us must be funded out of funds legally available for the purpose in accordance with our Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act.

*(iii) Trading Restrictions*

The total number of shares which a listed company may buy back on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a buy-back (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such buy-back) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the buy-back would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a buy-back of securities discloses to the Stock Exchange such information with respect to the buy-back as the Stock Exchange may require.

*(iv) Status of Bought back Shares*

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under Cayman Companies Act.

(v) *Suspension of Buy-back*

A listed company may not make any buy-back of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not buy back its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a buy-back of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting Requirements*

Certain information relating to buy-backs of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding buy-backs of securities made during the year, including a monthly analysis of the number of securities bought back, the purchase price per share or the highest and lowest price paid for all such buy-backs, where relevant, and the aggregate prices paid.

(vii) *Core Connected Persons*

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

**(b) *Reasons for buy-backs***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to buy back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(c) *Funding of buy-backs*

Buy-back of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not buy back the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make buy-backs with profits of the Company or out of a new issuance of shares made for the purpose of the buy-back or, if authorised by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the buy-back, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) *General*

The exercise in full of the Buy-back Mandate, on the basis of 235,164,100 Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, could accordingly result in up to approximately 23,516,410 Share being bought back by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Buy-back Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that he/she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buy-back Mandate is exercised.

If, as a result of any buy-back of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-back Mandate.

Any buy-back of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

## B. CORPORATE REORGANIZATION

In preparation of the Global Offering and in order to streamline our corporate structure, we underwent and conducted the Reorganization before the Listing. Please see the section headed "History, Reorganization and Corporate Development – Reorganization" in this prospectus for details.

## C. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an exclusive business cooperation agreement dated April 25, 2024, entered into between Marketingforce Network Technology (Shanghai) Company Limited (邁富時網絡技術(上海)有限公司) (the "WFOE") and Trueland Information and Technology (Shanghai) Co., Ltd. (珍島信息技術(上海)股份有限公司) ("Shanghai Trueland"), pursuant to which Shanghai Trueland agreed to engage the WFOE as its exclusive services provider, providing services which may include all services within the principal business scope of Shanghai Trueland in return for service fee;
- (b) an exclusive option agreement dated April 25, 2024, entered into among ZHAO Xulong (趙緒龍), ZHU Shuina (朱水納), ZHAO Fangqi (趙芳琪), GUO Peimin (郭培民), TAN Kaihua (譚凱華), XU Wenhua (許文華), Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海竝宇資產管理合夥

企業(有限合夥) (“**Shanghai Hongyu**”), Shanghai Zhiyu Asset Management Partnership Enterprise (Limited Partnership) (上海祉裕資產管理合夥企業(有限合夥)) (“**Shanghai Zhiyu**”, together with ZHAO Xulong, ZHU Shuina, ZHAO Fangqi, GUO Peimin, TAN Kaihua, XU Wenhua and Shanghai Hongyu, collectively referred to as the “**Registered Shareholders**”), the WFOE and Shanghai Trueland, pursuant to which the Registered Shareholders agreed to grant the WFOE an irrevocable and exclusive option to purchase from the Registered Shareholders all or part of their equity interests in Shanghai Trueland at the minimum amount as permitted by PRC laws;

- (c) a share pledge agreement dated April 25, 2024, entered into among the WFOE, each of the Registered Shareholders (namely, ZHAO Xulong (趙緒龍), ZHU Shuina (朱水納), ZHAO Fangqi (趙芳琪), GUO Peimin (郭培民), TAN Kaihua (譚凱華), XU Wenhua (許文華), Shanghai Hongyu and Shanghai Zhiyu) and Shanghai Trueland, pursuant to which the Registered Shareholders agreed to pledge all of their existing and future shares in Shanghai Trueland in favor of the WFOE;
- (d) a power of attorney dated April 25, 2024 executed by ZHAO Xulong (趙緒龍) in favour of the WFOE, pursuant to which ZHAO Xulong (趙緒龍), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of his rights as a shareholder of Shanghai Trueland;
- (e) a power of attorney dated April 25, 2024 executed by ZHU Shuina (朱水納) in favour of the WFOE, pursuant to which ZHU Shuina (朱水納), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of her rights as a shareholder of Shanghai Trueland;
- (f) a power of attorney dated April 25, 2024 executed by ZHAO Fangqi (趙芳琪) in favour of the WFOE, pursuant to which ZHAO Fangqi (趙芳琪), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of her rights as a shareholder of Shanghai Trueland;
- (g) a power of attorney dated April 25, 2024 executed by GUO Peimin (郭培民) in favour of the WFOE, pursuant to which GUO Peimin (郭培民), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of his rights as a shareholder of Shanghai Trueland;
- (h) a power of attorney dated April 25, 2024 executed by TAN Kaihua (譚凱華) in favour of the WFOE, pursuant to which TAN Kaihua (譚凱華), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of his rights as a shareholder of Shanghai Trueland;

- (i) a power of attorney dated April 25, 2024 executed by XU Wenhua (許文華) in favour of the WFOE, pursuant to which XU Wenhua (許文華), among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of her rights as a shareholder of Shanghai Trueland;
- (j) a power of attorney dated April 25, 2024 executed by Shanghai Hongyu in favour of the WFOE, pursuant to which Shanghai Hongyu, among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of its rights as a shareholder of Shanghai Trueland;
- (k) a power of attorney dated April 25, 2024 executed by Shanghai Zhiyu in favour of the WFOE, pursuant to which Shanghai Zhiyu, among other things, irrevocably authorized the WFOE or its designated person(s) to exercise all of its rights as a shareholder of Shanghai Trueland;
- (l) an undertaking dated April 25, 2024 executed by SUN Yongchao (孫永超), as the general partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (m) an undertaking dated April 25, 2024 executed by BI Kefa (畢克發), as the limited partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (n) an undertaking dated April 25, 2024 executed by WANG Bing (王兵), as the limited partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (o) an undertaking dated April 25, 2024 executed by GUO Rongbing (郭融冰), as the limited partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (p) an undertaking dated April 25, 2024 executed by CHEN Zhourong (陳洲榕), as the limited partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;

- (q) an undertaking dated April 25, 2024 executed by GU Jiajie (顧佳傑), as the limited partner of Shanghai Zhiyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (r) an undertaking dated April 25, 2024 executed by XU Jiankang (許健康), as the general partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (s) an undertaking dated April 25, 2024 executed by LIU Yunlong (劉雲龍), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (t) an undertaking dated April 25, 2024 executed by LIU Huan (劉歡), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (u) an undertaking dated April 25, 2024 executed by YE Bingbing (葉冰冰), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (v) an undertaking dated April 25, 2024 executed by ZHANG Wentao (張文濤), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (w) an undertaking dated April 25, 2024 executed by ZHANG Peng (張蓬), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;

- (x) an undertaking dated April 25, 2024 executed by DAI Zilong (戴子龍), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (y) an undertaking dated April 25, 2024 executed by LI Qin (李勤), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (z) an undertaking dated April 25, 2024 executed by LI Yan (李艷), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (aa) an undertaking dated April 25, 2024 executed by WANG Shiyi (王士義), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (bb) an undertaking dated April 25, 2024 executed by DONG Qiwen (董啟文), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (cc) an undertaking dated April 25, 2024 executed by YUAN Wei (袁偉), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (dd) an undertaking dated April 25, 2024 executed by CHEN Yong (陳勇), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;

- (ee) an undertaking dated April 25, 2024 executed by CHEN Hailin (陳海林), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (ff) an undertaking dated April 25, 2024 executed by MA Jin (馬進), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (gg) an undertaking dated April 25, 2024 executed by HUANG Kang (黃康), as the limited partner of Shanghai Hongyu, in favour of Shanghai Trueland and the WFOE, details of which are included in “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Partners Undertaking” in this prospectus;
- (hh) the spousal consent letter dated April 25, 2024 executed by ZHU Shuina (朱水納), the spouse of ZHAO Xulong (趙緒龍), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (ii) the spousal consent letter dated April 25, 2024 executed by ZHAO Xulong (趙緒龍), the spouse of ZHU Shuina (朱水納), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (jj) the spousal consent letter dated April 25, 2024 executed by BAI Xuefeng (白雪峰), the spouse of ZHAO Fangqi (趙芳琪), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (kk) the spousal consent letter dated April 25, 2024 executed by YUAN Jing (袁靜), the spouse of GUO Peimin (郭培民), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;

- (ll) the spousal consent letter dated April 25, 2024 executed by HOU Yujie (侯羽潔), the spouse of TAN Kaihua (譚凱華), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (mm) the spousal consent letter dated April 25, 2024 executed by GAO Meng (高夢), the spouse of XU Wenhua (許文華), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (nn) the consent letter dated April 25, 2024 executed by WU Wei (吳煒), the spouse of CHEN Zhourong (陳洲榕), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (oo) the consent letter dated April 25, 2024 executed by YAO Peirong (姚佩蓉), the spouse of WANG Bing (王兵), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (pp) the consent letter dated April 25, 2024 executed by WANG Fengyun (王鳳雲), the spouse of BI Kefa (畢克發), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (qq) the consent letter dated April 25, 2024 executed by XUE Qiming (薛啟明), the spouse of SUN Yongchao (孫永超), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (rr) the consent letter dated April 25, 2024 executed by LE Wenyi (樂雯怡), the spouse of MA Jin (馬進), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;

- (ss) the consent letter dated April 25, 2024 executed by LIU Xuan (劉璇), the spouse of DONG Qiwen (董啟文), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (tt) the consent letter dated April 25, 2024 executed by LIU Ying (劉瑩), the spouse of YE Bingbing (葉冰冰), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (uu) the consent letter dated April 25, 2024 executed by ZHANG Mingyue (張明月), the spouse of WANG Shiyi (王士義), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (vv) the consent letter dated April 25, 2024 executed by ZHANG Fengchun (張逢春), the spouse of LI Yan (李艷), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (ww) the consent letter dated April 25, 2024 executed by JIN Lan (晉蘭), the spouse of ZHANG Wentao (張文濤), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (xx) the consent letter dated April 25, 2024 executed by ZHU Ye (朱燁), the spouse of HUANG Kang (黃康), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (yy) the consent letter dated April 25, 2024 executed by YANG Jing (楊靜), the spouse of ZHANG Peng (張蓬), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;

- (zz) the consent letter dated April 25, 2024 executed by TANG Yue (湯悅), the spouse of LIU Yunlong (劉雲龍), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (aaa) the consent letter dated April 25, 2024 executed by WANG Zhaoli (王召麗), the spouse of XU Jiankang (許健康), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (bbb) the consent letter dated April 25, 2024 executed by SHEN Liyao (申力遙), the spouse of LIU Huan (劉歡), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (ccc) the consent letter dated April 25, 2024 executed by XIE Weiwei (謝偉偉), the spouse of DAI Zilong (戴子龍), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (ddd) the consent letter dated April 25, 2024 executed by ZHAO Li (趙麗), the spouse of CHEN Yong (陳勇), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (eee) the consent letter dated April 25, 2024 executed by TIE Yan (鐵艷), the spouse of YUAN Wei (袁偉), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;
- (fff) the consent letter dated April 25, 2024 executed by QUE Jingni (闕靜妮), the spouse of CHEN Hailin (陳海林), details of which are included “Contractual Arrangements – Contractual Arrangements – Summary of the agreements under the Contractual Arrangement and other key terms thereunder – Spousal Consent Letters” in this prospectus;

- (ggg) the cornerstone investment agreement dated May 3, 2024 entered into between our Company, VH NANCHANG DONGHU ASSET CAPITAL LPF (維港南昌東湖產業有限合夥基金) (“**VH Nanchang Donghu**”), China International Capital Corporation Hong Kong Securities Limited, CCB International Capital Limited and North Beta International Securities Limited, pursuant to which VH Nanchang Donghu agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of Hong Kong dollar equivalent of USD2,500,000 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy);
- (hhh) the cornerstone investment agreement dated May 3, 2024 entered into between our Company, BARJAI TRADING COMPANY LIMITED (剛信貿易有限公司) (“**Barjai**”), China International Capital Corporation Hong Kong Securities Limited, CCB International Capital Limited and North Beta International Securities Limited, pursuant to which Barjai agreed to subscribe for such number of Shares of the Company at the Offer Price in an aggregate of such amount of HKD19,850,000 (excluding brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy); and
- (iii) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights

### (a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered Owner	Registration No.	Class	Expiry Date
1.		PRC	Shanghai Trueland	17401319	38	May 6, 2027
2.		PRC	Shanghai Trueland	17401318	42	May 6, 2027
3.		PRC	Shanghai Trueland	33343971	42	May 13, 2029
4.		PRC	Shanghai Trueland	17401320	35	May 6, 2027
5.		PRC	Shanghai Trueland	17401321	9	May 6, 2027
6.		PRC	Shanghai Trueland	33343943	9	July 13, 2029

No.	Trademark	Place of registration	Registered Owner	Registration No.	Class	Expiry Date
7.		PRC	Shanghai Trueland	60265001	9	April 20, 2032
8.		PRC	Shanghai Trueland	60261955	42	April 27, 2032
9.		PRC	Shanghai Trueland	60248950	38	April 27, 2032
10.		PRC	Shanghai Trueland	60248926	35	April 20, 2032
11.		Hong Kong	Shanghai Trueland	305639743	9, 35, 36, 42	May 27, 2031
12.		Hong Kong	Shanghai Trueland	305638834	9, 35, 36, 42	May 26, 2031
13.		Hong Kong	Shanghai Trueland	305639752	9, 35, 36, 42	May 27, 2031

**(b) Patents**

As of the Latest Practicable Date, we had owned the following patents which we consider to be or may be material in relation to our Group's business:

No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
1.	A Character and Image Verification Code Recognition Method Based on Recognition Feedback (一種基於識別反饋的字符圖像驗證碼識別方法)	Shanghai Trueland	ZL201210349375.X	Invention	April 27, 2016
2.	A Cloud-based Information Storage System Based on Data Encryption (一種基於數據加密的雲端信息存儲系統)	Shanghai Trueland	ZL201910725908.1	Invention	March 30, 2021

No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
3.	An Image Data Processing Method and System (一種圖像數據處理方法及系統)	Shanghai Trueland	ZL202111108097.4	Invention	July 12, 2022
4.	An Enterprise Information Management Cloud Platform Based on Marketing Big Data (一種基於營銷大數據的企業信息化管理雲平台)	Shanghai Trueland	ZL202010108224.X	Invention	May 27, 2022
5.	A New Retail Marketing Service System Based on Marketing Cloud Data (一種基於營銷雲數據的新零售營銷服務系統)	Shanghai Trueland	ZL201911202600.5	Invention	April 15, 2022
6.	An Intelligent Marketing Training System for Colleges and Universities Based on Cloud Computing (一種基於雲計算的院校用智能營銷實訓系統)	Shanghai Trueland	ZL201911076846.2	Invention	May 27, 2022

No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
7.	An Intelligent Educational Administration Analysis and Management System Based on Big Data (一種基於大數據的智能化教務分析管理系統)	Shanghai Trueland	ZL201911018151.9	Invention	April 19, 2022
8.	An Intelligent Marketing Cloud Service Platform Based on AI and Big Data (一種基於AI和大數據的智能營銷雲服務平台)	Shanghai Trueland	ZL201910849102.3	Invention	March 29, 2022
9.	A Multi-cloud Information Processing System and Its Resource Sharing Method (一種多雲端信息處理系統及其資源共享方法)	Shanghai Trueland	ZL201910344678.4	Invention	July 16, 2021
10.	A Method and System for Intelligently Optimizing Cloud Information Management (一種智能優化管理雲端信息的方法及系統)	Shanghai Trueland	ZL201910240254.3	Invention	November 12, 2021
11.	An Advertisement Flow Prediction Method and Device (一種廣告流量預測方法及裝置)	Shanghai Trueland	ZL201511024079.2	Invention	July 28, 2020

No.	Patent	Patent Owner	Patent number/ application number	Type of application	Grant Date
12.	A Network Data Intelligent Distribution Service System (一種網絡數據智能分發服務系統)	Shanghai Trueland	ZL202011509846.X	Invention	September 20, 2022
13.	A Method and System for Safely Obtaining Position of Mobile Terminal (一種安全獲取移動終端位置的方法及系統)	Shanghai Trueland	ZL201910238154.7	Invention	September 27, 2022

(c) *Copyrights*

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material in relation to our Group's business:

No.	Copyright	Registration number	Date of initial publication/ registration
1.	Big data precision marketing training system V1.0 (大數據精準營銷實訓系統V1.0)	2022SR0267087	April 14, 2021
2.	Big data-based SCRM social customer service management platform V1.0 (基於大數據的SCRM社會化客戶服務管理平台V1.0)	2022SR0267100	December 16, 2021
3.	Internet-based SCRM social customer relationship maintenance and management system V2.2.1 (基於互聯網的SCRM社會化客戶關係維護管理系統V2.2.1)	2021SR1696552	April 9, 2021

No.	Copyright	Registration number	Date of initial publication/ registration
4.	Internet-based intelligent writing service platform V1.0 (基於互聯網的智能寫作服務平台V1.0)	2021SR1034641	January 8, 2021
5.	Video automatic generation and play software V1.0 (視頻自動生成播放軟件V1.0)	2021SR1028605	May 6, 2021
6.	Internet-based video rendering management system V1.0 (基於互聯網的視頻渲染管理系統V1.0)	2021SR1026249	March 18, 2021
7.	Internet-based information distribution management system V1.0 (基於互聯網的信息分發管理系統V1.0)	2021SR1026250	March 29, 2021
8.	Video clip production visualization management system V1.0 (視頻剪輯生產可視化管理系統V1.0)	2021SR0548998	August 20, 2020
9.	Internet-based intelligent writing assistant software V1.0 (基於互聯網的智能寫作助手軟件V1.0)	2021SR0541853	February 5, 2020
10.	Big data-based writing data processing system V1.0 (基於大數據的寫作數據處理系統V1.0)	2021SR0542531	October 7, 2020
11.	Big data-based image generation service management platform V1.0 (基於大數據的圖像生成服務管理平台V1.0)	2021SR0539319	May 10, 2020
12.	Video intelligent clipping cover system V1.0 (視頻智能截選封面系統V1.0)	2019SR0777212	May 16, 2019
13.	Internet-based data processing system V1.0 (基於互聯網的數據處理系統V1.0)	2021SR1483687	March 26, 2021

No.	Copyright	Registration number	Date of initial publication/ registration
14.	Advertising content distribution network promotion platform V1.0 (廣告內容分發網絡推廣平台V1.0)	2021SR0062802	January 13, 2021
15.	Distribution mall management system V1.0 (分銷商城管理系統V1.0)	2021SR0056323	January 12, 2021
16.	Video image subtitles rapid generation software V1.0 (視頻圖像字幕快速生成軟件V1.0)	2021SR0056544	January 12, 2021
17.	Cloud computing-based intelligent mall service software V1.0 (基於雲計算的智能化商城服務軟件V1.0)	2020SR1270130	September 18, 2020
18.	Cross-platform visualization analysis platform V1.0 (跨平台可視化分析平台V1.0)	2019SR0246503	October 11, 2018
19.	Big data visualization platform V1.0 (大數據可視化平台V1.0)	2019SR0210905	November 3, 2018
20.	Cloud computing-based data storage system V1.0 (基於雲計算的數據存儲系統V1.0)	2021SR1483681	July 22, 2021
21.	Short video content automatic generation system V1.0 (短視頻內容自動生成系統V1.0)	2021SR0128161	January 22, 2021
22.	Internet-based social media integrated marketing system V1.0 (基於互聯網的社交媒體整合營銷系統V1.0)	2021SR0124001	January 22, 2021
23.	Deep learning-based data intelligent distribution computing software V1.0 (基於深度學習的數據智能分發計算軟件V1.0)	2021SR0929769	May 5, 2021

No.	Copyright	Registration number	Date of initial publication/ registration
24.	Intelligent picture design effect preview and display software V1.0 (圖片設計效果智能預覽展示軟件V1.0)	2021SR0909781	February 25, 2021
25.	Cloud computing technology-based data distribution processing software V1.0 (基於雲計算技術的數據分發處理軟件V1.0)	2021SR0909779	April 12, 2021
26.	Short video operation and promotion training system V1.0 (短視頻運營與推廣實訓系統V1.0)	2022SR0263574	June 11, 2021
27.	Hubei Trueland True Client SCRM Platform V1.0 (湖北珍島珍客SCRM平台V1.0)	2022SR0941712	June 2, 2022
28.	Hubei Trueland CDP-intelligent vehicle customer data platform software V1.0 (湖北珍島CDP-智能汽車客戶數據平台軟件V1.0)	2022SR0941773	April 15, 2022
29.	Hubei Trueland CDP-intelligent retail management system software V1.0 (湖北珍島CDP-智慧零售管理系統軟件V1.0)	2022SR0997861	March 25, 2022
30.	Hubei Trueland CDP-intelligent vehicle distributor management system software V1.0 (湖北珍島CDP-智能汽車經銷商管理系統軟件V1.0)	2022SR0997254	March 20, 2022

*(d) Domain Names*

As of the Latest Practicable Date, we have registered following domain names which we consider to be or may be material to our business:

No.	Domain Names	Registered Owner	Registration Date
1.	kaililong.com	Shanghai Kaililong	May 19, 2023
2.	71360.com	Shanghai Trueland	November 24, 2022
3.	marketingforce.com	Shanghai Trueland	December 16, 2022
4.	dongchali.cn	Dongchali	August 9, 2023
5.	dongchali.com	Dongchali	August 1, 2023
6.	021team.com	Dongchali	August 1, 2023
7.	dianshanghui.com	Wuxi Trueland	April 28, 2020
8.	yihuozhijia.cn	Wuxi Trueland Intelligence	February 25, 2020
9.	yihuozhijia.com	Wuxi Trueland Intelligence	February 25, 2020

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

**D. FURTHER INFORMATION ABOUT OUR DIRECTORS****1. Directors' service contracts and appointment letters***(a) Executive Directors*

Each of our executive Directors has entered into a service contract with us pursuant to which they agreed to act as executive Directors with effect from the date of his/her appointment as a Director until the third annual general meeting of our Company since the Listing Date (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in "Directors and Senior Management – Remuneration and Compensation of Directors and Senior Management."

*(b) Non-executive Director and independent non-executive Directors*

Each of our non-executive Directors has entered into an appointment letter with our Company on April 25, 2024. The initial term for their appointment letters shall commence from the date of his or her appointment as a Director until the third annual general meeting of the Company since the Listing Date, (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than one months' written notice to terminate the agreement.

Each of our independent non-executive Directors has entered into an appointment letter with our Company on April 25, 2024. The initial term for their appointment letters shall be from the date of this prospectus until the third annual general meeting of the Company since the Listing Date (subject always to re-election as and when required under the Memorandum and Articles of Association). Either party has the right to give not less than one months' written notice to terminate the agreement.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**2. Remuneration of Directors**

Remuneration and benefits in kind of approximately RMB2.3 million, RMB1.8 million and RMB7.1 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2021, 2022 and 2023.

Under the arrangements currently in force, we estimate the total remuneration (before tax) payable to Directors for the year ending December 31, 2024 will be approximately RMB7.2 million.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, during the Track Record Period, no other payments have been made or are payable by our Group to any of the Directors.

## E. DISCLOSURE OF INTERESTS

## 1. Disclosure of interests

*(a) Interests and short positions of our Directors or chief executive in our share capital and our associated corporations as of the Latest Practicable Date and following the Share Subdivision and the Global Offering*

Immediately following completion of the Share Subdivision and the Global Offering, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

*(i) Interest in Shares*

Name of Directors or chief executive	Capacity/Nature of interest	Number of shares (as adjusted after the Share Subdivision)	Approximate percentage of shareholding immediately before the Global Offering	Approximate percentage of shareholding immediately after the Share Subdivision and the Global Offering <sup>(1)</sup>
Mr. Zhao <sup>(2)</sup>	Settlor of a discretionary trust, interest in controlled corporation and Interest of spouse <sup>(2)</sup>	116,925,000	51.01%	49.72%
Mr. XU Jiankang <sup>(3)</sup>	Interest in controlled corporation <sup>(3)</sup>	19,251,800	8.40%	8.19%
Ms. ZHAO Fangqi <sup>(4)</sup>	Interest in controlled corporation <sup>(4)</sup>	15,401,000	6.72%	6.55%

*Notes:*

- (1) The table above is calculated on the basis that the total of 235,164,100 Shares will be in issue immediately after completion of the Share Subdivision and the Global Offering.

- (2) For family wealth management and estate planning purpose, on April 25, 2024, Mr. Zhao and Ms. Zhu transferred their respective interests in the Company directly held by Willam Zhao Limited as to 5,440,760 Shares and Shuina Zhu Limited as to 5,968,040 Shares to Real Force Limited and Precious Sight Limited (being BVI-incorporated holding vehicles), respectively, for the benefit of the Founders' Family Trust. Further, Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited, also directly held 283,700 Shares in the Company as of the Latest Practicable Date.

Each of Real Force Limited and Precious Sight Limited is indirectly controlled by the Founders' Family Trust with Mr. Zhao as the settlor, The Core Trust Company Limited as the trustee, Ms. Zhu as the protector and Willam Zhao Limited (which is wholly owned by Mr. Zhao) and Shuina Zhu Limited (which is wholly owned by Ms. Zhu) as beneficiaries.

As such, following the Share Subdivision but immediately prior to and following the completion of the Global Offering, Mr. Zhao is deemed to be interested in a total of 116,925,000 Shares comprising (i) 114,088,000 Shares controlled through the Founders' Family Trust; and (ii) 2,837,000 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited.

- (3) Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. XU Jiankang, our executive Director and senior vice president, and other 15 staff of our Group, all being the beneficial owners of the shares of Shanghai Hongyu Limited, as to 39.41% and 60.59%, respectively, as of the Latest Practicable Date. Save for Mr. XU Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited as of the Latest Practicable Date.

On April 25, 2024, Shanghai Hongyu Limited transferred all Shares in the Company held by it to Driving Force Developments Limited (being the BVI-incorporated holding vehicle) for the benefit of a trust (the "**Hongyu Trust**") with Shanghai Hongyu Limited as the settlor and beneficiary, and The Core Trust Company Limited as trustee.

As such, immediately prior to and following the completion of the Global Offering, Mr. XU Jiankang is deemed to be interested in the Shares held through the Hongyu Trust by Shanghai Hongyu Limited.

- (4) Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. ZHAO Fangqi as of the Latest Practicable Date. For wealth management and estate planning purpose, on April 25, 2024, Ms. ZHAO Fangqi transferred all Shares in the Company held by her through Fangqi Zhao Limited to Rosy Maple Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust (the "**Fangqi Trust**") with Ms. ZHAO Fangqi as the settlor, Fangqi Zhao Limited as beneficiary and The Core Trust Company Limited as trustee.

As such, immediately prior to and following the completion of the Global Offering, Ms. ZHAO Fangqi is deemed to be interested in the Shares held through the Fangqi Trust by Fangqi Zhao Limited.

*(ii) Interest in associated corporations*

Name	Position in our Group	Name of associated corporations	Percentage Shareholding in our associated corporations
Mr. Zhao <sup>(1)</sup>	Chairman of the Board, executive Director and chief executive officer	Shanghai Trueland	39.85% (Beneficial owner) 33.70% (Interest of spouse)
XU Jiankang <sup>(2)</sup>	Executive Director and senior vice president	Shanghai Trueland	10.87% (Interest in controlled corporation)
ZHAO Fangqi <sup>(3)</sup>	Non-executive Director	Shanghai Trueland	8.70% (Beneficial owner)

*Notes:*

- (1) As of the Latest Practicable Date, Mr. Zhao controls 73.55% of the equity interest in Shanghai Trueland, including (i) directly holds 39.85% of the equity interest, (ii) deemed to have 33.70% of the equity interest held by Ms. Zhu, the spouse of Mr. Zhao.
- (2) As of the Latest Practicable Date, Mr. XU Jiankang is deemed to control 10.87% of the equity interest in Shanghai Trueland indirectly through Shanghai Hongyu, which is owned as to 39.41% by Mr. XU Jiankang, the general partner of Shanghai Hongyu.
- (3) As of the Latest Practicable Date, Ms. ZHAO Fangqi directly controls 8.70% of the equity interest in Shanghai Trueland.

*(b) Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO*

For information on the persons who will, immediately following the completion of the Share Subdivision and the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to the section headed “Substantial Shareholders” in this prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

## 2. Disclaimers

Save as disclosed in this section, “Directors and Senior Management” and “Underwriting”:

- (a) none of the Directors or any experts named in the paragraph headed “G. Other Information – 4. Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) none of the Directors or any experts named in the paragraph headed “G. Other Information – 4. Consents of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (c) none of our Directors or any of experts named in the paragraph headed “G. Other Information – 4. Consents of Experts” below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) taking no account of any Shares which may be taken up under the Global Offering and allotted and issued to pursuant to the RSU Scheme, so far as is known to any Director or chief executive of the Company, no other person will, immediately following completion of the Global Offering, have interests or short positions in our Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group;
- (e) none of the Directors or chief executive of the Company has any interests or short positions in our Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once our Shares are listed thereon; and

- (f) as far as is known to our Directors, none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

## F. RSU SCHEME

### 1. Summary of Terms

The following is a summary of the principal terms of the RSU Scheme of the Company as approved and adopted by the Board on November 10, 2021 (the “**Adoption Date**”) and amended from time to time. The RSU Scheme is funded solely by the existing Shares of the Company held by Isle Wealth. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company after the Listing.

#### (a) *Purpose*

The purpose of the RSU Scheme is to recognize and reward part of the employees (including directors, officers and members of senior management) of the Group for their contribution to the Group, to attract the best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group’s business.

#### (b) *Who may join*

Those who may be eligible to participate in the RSU Scheme (the “**RSU Participants**”) include any employee of the Group, including employees (including directors, officers and members of senior management) of the Group. Subject to the terms of the RSU Scheme, the administrator designated by the Board from time to time (the “**Administrator**”, and being Mr. Zhao as of the Latest Practicable Date) may, from time to time, select from among all eligible RSU Participants to whom awards of RSUs (“**Awards**”) shall be granted, and determine, among other things, the amount of Awards.

#### (c) *RSU Limit*

The total number of shares underlying the RSU Scheme shall not exceed 1,052,640 (being the initial 52,632 shares of the Company with par value of US\$0.0001 as adjusted by the 2022 Share Subdivision and subject to further adjustment by the Share Subdivision). Shares as of the Adoption Date of the RSU Scheme were initially held by Isle Wealth, representing approximately 4.48% of the issued Shares upon completion of the Share Subdivision and the Global Offering. Isle Wealth Limited, holding the unvested Shares in accordance with this Scheme, whether directly or indirectly, shall abstain from

voting on matters that require Shareholders' approval under the Listing Rules and the provisions of the memorandum and articles of association of the Company, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

The Company will ensure that subject to any applicable laws, regulations and rules: (a) upon the completion of the Listing, the maximum limit of the total number of the shares to be issued by the Company under the RSU Scheme in any financial year will not exceed 3% of the total Shares in issue as at the beginning of that financial year; (b) the total number of shares issued and to be issued to a grantee in any 12-month period will not exceed 1% of the total number of shares in issue at any time during this 12-month period; and (c) to the extent that any Award under the RSU Scheme is canceled, expired, forfeited, surrendered, or otherwise terminated without delivery of shares to the RSU Participants, in whole or in part, or any RSU lapses, the shares underlying the RSUs shall not be deemed to have been utilized under the RSU Scheme and will not be available for future Awards under the RSU Scheme.

***(d) Administration***

The RSU Scheme shall be subject to the administration of the Administrator in accordance with the terms and conditions of the RSU Scheme. The Administrator shall have the sole and absolute right to:

- (i) to interpret and construe the provisions of the RSU Scheme;
- (ii) to determine the persons who will be granted Awards under the RSU Scheme, the terms and conditions on which Awards are granted, and when the RSUs granted pursuant to RSU Scheme may vest;
- (iii) to make such appropriate and equitable adjustments to the terms of the Awards granted under this Scheme as it deems necessary;
- (iv) to make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i) and (ii); and
- (v) All the decisions, determinations and interpretations made by the Administrator in accordance with the RSU Scheme shall be final, conclusive and binding on all parties.

(e) *Grant of Awards*

The Administrator is authorized to, at any time during the term of the RSU Scheme to make a grant of Awards (“**Grant**”) to any RSU Participant, as the Administrator may in its absolute discretion determine. The amount of an Award may be determined at the sole and absolute discretion of the Administrator and may differ among selected RSU Participants. The consideration payable by a RSU Participant to the trustee of the RSU Scheme (“**Trustee**”) for acceptance of the Award under the RSU Scheme shall be determined at the sole and absolute discretion of the Administrator and any such consideration shall be held by the Trustee and be applied by the Trustee as it deems appropriate or desirable in accordance with the terms of the RSU Scheme.

Subject to limitations and conditions of the RSU Scheme, the Administrator may authorize the relevant Trustee by written notification to grant to each of the RSU Participants an offer of a grant of Award by way of a grant agreement, a letter or any such notice or document in such form as the Administrator may from time to time determine (“**Notice of Grant**”) for acceptance by the selected RSU Participants who accepts a Grant in accordance with the terms of the RSU Scheme (“**Grantee**”, including any person who is entitled to any Award in consequence of the death of the original Grantee), subject to additional terms and conditions that the Administrator thinks fit which shall be stated in the Notice of Grant.

(f) *Restrictions on Grant*

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any selected RSU Participant at a time when the selected RSU Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law. For as long as the Shares are listed on the Stock Exchange:

- (i) a Grant must not be made after inside information has come to the knowledge of the Administrator or the Company until such inside information has been announced in accordance with the requirements of the Listing Rules;
- (ii) a Grant shall not be made on any day on which the financial results of the Company are published and during the period of: (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and
- (iii) if required by the Stock Exchange or the Listing Rules, the grant of an Award shall be subject to compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Upon completion of the Offering, any Grant to any director, chief executive, substantial shareholder of the Company, or any of their respective associates (as defined under the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.95 of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his service contract.

The Administrator may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;
- (ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of this Scheme;
- (iii) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors;
- (iv) the Grant would result in the breach of the RSU Limit stipulated in Clause 4 above or other rules of this Scheme.

**(g) *Duration of the RSU Scheme***

The term of the RSU Scheme commenced on the Adoption Date and for a term of ten (10) years after Adoption Date unless sooner terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

*(h) Vesting of Awards*

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSUs granted in an Award shall be subject to a vesting period, which shall be no less than 12 months, and to the satisfaction of performance milestones or targets and/or other conditions to be determined by the Administrator (if any) in its sole and absolute discretion. If such conditions are not satisfied, the RSU shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Administrator in its sole and absolute discretion.

Subject to the to the terms of the RSU Scheme, the RSUs which have vested shall be satisfied at the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such RSUs, either by:

- (i) directing and procuring the relevant Trustee to transfer the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee or his wholly-owned entity (as represented by the Grantee); and/or
- (ii) directing and procuring the Trustee to pay to the Grantee in cash an amount which is equivalent to the market value of the Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares).

*(i) Transferability*

Any RSU granted pursuant to the RSU Scheme shall be personal to the Grantee and shall not be assignable or transferable, except assignment or transfer from a Grantee to a company wholly owned by him or between two companies both of which are wholly owned by him. The terms of the RSU Scheme and the Notice of Grant shall be binding upon the assigns and transferees of the Grantee. Following an RSU Participant's death, Awards, to the RSUs are vested upon the Participant's death, they may be transferred by will or by the laws of descent and distribution.

No Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSU or any property held by the Trustee on trust for the Grantees, Awards, Shares underlying any Awards or RSUs or any interest or benefits therein.

*(j) Lapse*

Subject to the terms of the RSU Scheme, the unvested RSUs shall automatically lapse upon the earliest of:

- (i) the date of the termination of Grantee's employment or service by any member of the Group;
- (ii) the date on which the offer (or, as the case may be, revised offer) closes;
- (iii) the record date for determining emolument under the scheme of arrangement;
- (iv) the date of the commencement of the winding-up of the Company;
- (v) the date on which the Grantee commits a breach of transferability;
- (vi) the date on which it is no longer possible to satisfy any outstanding conditions to vesting;
- (vii) the Administrator has decided that the unvested RSUs shall not be vested for the Grantee in accordance with the rules of this Scheme and the terms and conditions as set out in the Notice of Grant.

*(k) Alteration and termination of the RSU Scheme*

The Board may alter the RSU Scheme at any time in such respects as the Board may deem advisable, provided that the Company shall obtain necessary approval of any RSU Scheme amendment in such a manner and to such a degree as required.

Without altering the RSU Scheme, the Board may grant awards to RSU Participants on such terms and conditions different from those specified in the RSU Scheme as may in the judgment of the Board be necessary to foster and promote the achievement of the purposes of the RSU Scheme.

The RSU Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

**2. RSUs granted under the RSU Scheme**

As of the Latest Practicable Date, our Company had granted Awards in the form of RSUs representing an aggregate of 1,052,640 Shares (being the initial 52,632 shares of the Company with par value of US\$0.0001 as adjusted by the 2022 Share Subdivision and subject to further adjustment by the Share Subdivision), representing 4.48% of the issued Shares upon completion of the Share Subdivision and the Global Offering, to 13 employees of our Group, who are all Independent Third Parties.

**G. OTHER INFORMATION****1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

**2. Litigation**

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

**3. Joint Sponsors**

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Each of the Joint Sponsors confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with each of the Joint Sponsors, pursuant to which our Company agreed to pay the Joint Sponsors a total fee of US\$1,000,000 to act as sponsors to our Company in connection with the Global Offering.

#### 4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

<b>Name</b>	<b>Qualification</b>
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
CCB International Capital Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
JunHe LLP	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Legal adviser as to Cayman Islands law
Ernst & Young	Certified Public Accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

#### 5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since December 31, 2023 (being the date to which our latest audited consolidated financial statements were made up) and up to the date of this prospectus.

**6. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

**7. Bilingual prospectus**

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**8. Compliance Adviser**

Our Company have appointed Alliance Capital Partners Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

**9. Preliminary expenses**

As of Latest Practicable Date, our Company did not incur any material preliminary listing expense of the Global Offering.

**10. Miscellaneous**

- (1) Save as disclosed in “Financial Information” and “Underwriting”, within the two years immediately preceding the date of this prospectus:
  - (a) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
  - (b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
  - (c) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group.

- (2) Save as disclosed in this section and “Financial Information”:
  - (a) no founder, management or deferred shares nor any debentures in any member of our Group;
  - (b) no share or loan capital or debenture of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and
- (3) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus within the two years immediately preceding the date of this prospectus.
- (4) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.
- (5) Our Company has no outstanding convertible debt securities or debentures.
- (6) There is no arrangement under which future dividends are waived or agreed to be waived.
- (7) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus.

**FURTHER INFORMATION ABOUT OUR GROUP**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to under the section headed “Statutory and General Information – G. Other Information – 4. Consents of Experts” in Appendix IV; and
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and General Information – C. Further Information about Our Business – 1. Summary of the Material Contracts” in Appendix IV.

**DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be available on display on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.marketingforce.com](http://www.marketingforce.com) during a period of 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2021, 2022 and 2023;
- (e) the PRC legal opinions issued by JunHe LLP, our legal advisor as to PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Cayman Companies Act;
- (h) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in the section headed “Industry Overview” in this prospectus;

- (i) the written consents referred to under the section headed “Statutory and General Information – G. Other Information – 4. Consents of Experts” in Appendix IV;
- (j) the material contracts referred to in “Statutory and General Information – C. Further Information about Our Business – 1. Summary of Material Contracts” in Appendix IV;
- (k) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information – D. Further Information about our Directors – 1. Particulars of Directors’ service contracts and appointment letters” in Appendix IV; and
- (l) the terms of the RSU Scheme.

