



Plus Group Holdings Inc.
普樂師集團控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock code : 2486

Global Offering

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

Jefferies



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Financial Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



IMPORTANT

Important: If you have doubt about any of the contents in this Prospectus, you should obtain independent professional advice.



Plus Group Holdings Inc. 普樂師集團控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 25,000,000 Offer Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 2,500,000 Offer Shares (subject to reallocation)
Number of International Offer Shares	: 22,500,000 Offer Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$11.8 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.0002 per Offer Share
Stock code	: 2486

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Joint Bookrunners and Joint Lead Managers



Joint Lead Managers



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 the paragraph headed "A. Documents Delivered to the Registrar of Companies in Hong Kong" 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 (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between 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 around Thursday, 4 May 2023 and, in any event, not later than Friday, 5 May 2023. The Offer Price will be not more than HK\$11.8 and is currently expected to be not less than HK\$10.6 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Friday, 5 May 2023 between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that 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, an announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.plscn.com) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities law in the United States and may not be offered, sold, pledged, or transferred within the United States or to, 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 solely (i) to qualified institutional buyers pursuant to an exemption from registration under Rule 144A under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.plscn.com). If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

Friday, 28 April 2023

IMPORTANT

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.plscn.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

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

- (1) apply online through the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request.

We 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 printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

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 above.

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

IMPORTANT

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
200	2,383.79	4,000	47,676.01	60,000	715,140.18	800,000	9,535,202.40
400	4,767.61	5,000	59,595.01	70,000	834,330.21	900,000	10,727,102.70
600	7,151.40	6,000	71,514.02	80,000	953,520.25	1,000,000	11,919,003.00
800	9,535.19	7,000	83,433.02	90,000	1,072,710.26	1,100,000	13,110,903.30
1,000	11,919.01	8,000	95,352.02	100,000	1,191,900.30	1,250,000 ⁽¹⁾	14,898,753.76
1,200	14,302.80	9,000	107,271.03	200,000	2,383,800.60		
1,400	16,686.60	10,000	119,190.04	300,000	3,575,700.90		
1,600	19,070.41	20,000	238,380.05	400,000	4,767,601.20		
1,800	21,454.20	30,000	357,570.09	500,000	5,959,501.50		
2,000	23,838.01	40,000	476,760.12	600,000	7,151,401.80		
3,000	35,757.01	50,000	595,950.16	700,000	8,343,302.10		

Note:

⁽¹⁾ Maximum number of Hong Kong Offer Shares you may apply for.

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

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our website at www.plscn.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Friday,
28 April 2023

Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways⁽²⁾:

(1) the **IPO App**, which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp

(2) the designated website www.hkeipo.hk 11:30 a.m. on Thursday,
4 May 2023

Application lists open⁽³⁾ 11:45 a.m. on Thursday,
4 May 2023

Latest time for (a) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC⁽⁴⁾ 12:00 noon on Thursday,
4 May 2023

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on Thursday,
4 May 2023

Expected Price Determination Date⁽⁵⁾ Thursday, 4 May 2023

Announcement of the Offer Price to be published on our website at www.plscn.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on or around⁽¹⁰⁾ Wednesday, 10 May 2023

Announcement of 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 to be published on our website at www.plscn.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on or before⁽¹⁰⁾ Wednesday, 10 May 2023

EXPECTED TIMETABLE⁽¹⁾

The 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 Hong Kong Stock Exchange at www.plscn.com and www.hkexnews.hk, respectively⁽¹⁰⁾ Wednesday, 10 May 2023

- from the “IPO Results” function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function from⁽¹⁰⁾ 8:00 a.m. on Wednesday, 10 May 2023 to 12:00 midnight on Tuesday, 16 May 2023

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from⁽¹⁰⁾ Wednesday, 10 May 2023 to Monday, 15 May 2023 (excluding 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⁽⁷⁾⁽⁹⁾⁽¹⁰⁾ Wednesday, 10 May 2023

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ Wednesday, 10 May 2023

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on⁽¹⁰⁾ Thursday, 11 May 2023

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website prior to 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 Thursday, 4 May 2023, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker or custodian** to apply on your behalf via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 6. Applying Through the **CCASS EIPO Service**”.
- (5) The Price Determination Date is expected to be on or around Thursday, 4 May 2023 and, in any event, not later than Friday, 5 May 2023. If, for any reason, we do not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Friday, 5 May 2023, 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) Share certificates will only become valid 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 — Grounds for Termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.
- (8) e-Auto Refund payment instructions/refund cheques 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 identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheques, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund cheques. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund cheques.
- (9) Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any refund cheques (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 10 May 2023 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **CCASS EIPO** service should refer to the section headed “How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Auto Refund Payment Instructions/Refund Cheques — Personal Collection — ii. If you apply through the **CCASS EIPO** service” for details.

EXPECTED TIMETABLE⁽¹⁾

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques 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 — F. Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Auto Refund Payment Instructions/Refund Cheques”.

- (10) In case a typhoon warning signal no.8 or above, or a “black” rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Friday, 28 April 2023 to Thursday, 11 May 2023, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” respectively.

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

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities 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. No action has been taken to permit a public offering of the Offer Shares or 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 authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representation made in this prospectus. We have not authorised 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 authorised by us, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. The information contained in our website at www.plscn.com does not form part of this prospectus.

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SUMMARY

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 read 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” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an established sales and marketing service provider, primarily focusing on providing on-site sales and marketing solutions to market-leading FMCG (i.e. fast-moving consumer goods) brand owners and distributors with activities mainly carried out at offline retail stores, such as supermarkets, department stores, outdoor promotional campaigns, etc. During the Track Record Period, we offer four types of services, including (i) customised marketing solution; (ii) tasks and marketers matching service; (iii) marketers assignment service; and (iv) SaaS+ subscription. Further details of our services are set out below:

- **Customised marketing solution.** We formulate and implement customised sales and marketing plans of our customers’ merchandise in offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

Being our long-established business, customised marketing solution contributed the largest share of our revenue and accounted for 74.0%, 65.5% and 74.4% of our total revenue during each year of the Track Record Period.

- **Tasks and marketers matching service.** We formulate and implement standardised sales and marketing activities for our customers’ merchandise at offline retail stores with a view to enhancing our customers’ sales performance. In particular, our customers’ marketing tasks are published via our digitalised tool, namely *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendation on tasks and suitable marketers. Also, with the aim to achieving our customers’ performance targets, we regularly evaluate the impact of our services on sales performance. Typical examples of standardised sales and marketing activities include sales and promotion of our customers’ merchandise and in-store merchandise display.

Tasks and marketers matching service accounted for 7.7%, 14.2% and 13.3% of our total revenue during each year of the Track Record Period.

- **Marketers assignment service.** We assign our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores and help manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.

SUMMARY

Marketers assignment service accounted for 17.8%, 16.7% and 7.8% of our total revenue during each year of the Track Record Period.

- **SaaS+ subscription.** We offer customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, and to make data-driven decisions as well.

During each year of the Track Record Period, SaaS+ subscription accounted for 0.5%, 3.6% and 4.5% of our total revenue.

Since our inception in 2004, we have strived to provide our customers with sales and marketing services that are comprehensive to their corporate needs. We offer services to customers of different sizes and scales which are scattered over different geographical locations in the PRC in support of their sales and marketing initiatives. Generally, our services require on-site implementation by marketers. Marketers mainly refer to the persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons, frontline staff, etc. In the context of our business operations, we categorise our marketers into employee marketers (who have employment relationships with us) and third-party marketers (who do not have any employment or contractual relationship with us). As of the Latest Practicable Date, our services covered more than 320 cities in 31 provinces/municipalities in China.

OUR MARKET OPPORTUNITY AND COMPETITION

Being a sales and marketing service provider which primarily serve FMCG customers in the PRC, our operations are subject to the impact of any changes in the China's offline retail market and we face opportunities and challenges of the retail support services market, as well as retail sales and marketing services market in China. According to the Frost & Sullivan Report, China's retail sales and marketing services market is fragmented and highly competitive, with the top five retail sales and marketing services providers taking up approximately 23.4% of the market in 2021 and in terms of revenue, we accounted for approximately 0.02% of the market in the PRC in 2021. For details, please refer to "Risk Factors — We operate in a relatively competitive market and may not be able to compete successfully against our existing and future competitors. In addition, we obtain some of our revenue through competitive tender or quotation process. There is no assurance that we will succeed in the tender or quotation process."

According to the Frost & Sullivan Report, China's retail market is categorised into online and offline channels. In terms of the revenue generated by retail service providers, the online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a CAGR of 3.3% during the same years. Accordingly, considering that our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels. Nonetheless, the offline channel represented more than 67% of the entire retail market over the last five years and according to Frost & Sullivan, with the increasing costs of acquiring and retaining consumers in the online channel and deeper and more tangible consumer experience in the offline channel, the offline retail market is expected to remain larger than the online retail market. The offline channel is projected to represent more than 58% of the entire retail market in the next five years.

SUMMARY

According to the Frost & Sullivan Report, China's retail support services market in terms of revenue is projected to increase from RMB7.9 trillion in 2021 to RMB11.0 trillion in 2026 at a CAGR of 6.8% and the retail sales and marketing services market in China in terms of revenue is expected to grow from RMB2,167.7 billion in 2021 to RMB3,350.1 billion in 2026, yielding a CAGR of 9.1%. The retail sales and marketing services can be categorised into FMCG, durable goods, agricultural means of production, and others. According to Frost & Sullivan, among all categories under retail sales and marketing services market, FMCG sector holds the largest market share, which amounted to RMB1,261.5 billion and accounted for approximately 58.2% of total market size of the retail sales and marketing services market in 2021 in terms of revenue, and is projected to reach RMB1,678.3 billion in 2026, attaining a stable CAGR of 5.9%.

According to Frost & Sullivan, major market drivers of the retail sales and marketing services market in China include (i) consumption upgrades prompt demand for more customised marketing services; (ii) fiercer competition drives marketing effectiveness enhancement; and (iii) rising demand for offline experience. Meanwhile, Frost & Sullivan expects that there will be (i) further expansion of publishing channels and media resources; (ii) growing demand from various product sectors; (iii) prevalence of marketing technology for integrated service capability; and (iv) performance-based advertising becoming increasingly favourable.

OUR TECHNOLOGIES

Our FMES platform contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. We utilise our digitalised tools to manage data collected during our daily operations and transform them into valuable data assets, which in turn facilitate our business process. As such, our digitalised tools enable us to manage our business processes, which include formulating implementation plans, managing implementation process and collecting, verifying, processing and analysing data to produce data analytics.

We collect and process in our daily operations fragmented and unorganised first-hand information relating to (i) sales and marketing performance by our and third-party marketers (including attendance and task completion records); (ii) consumer behaviours and feedback; and (iii) sales and purchase transactions. Our marketer user pool comprises marketers with different background, experience and skill sets, etc. For FY2022, the number of average monthly active marketers was over 23,000 spreading across more than 320 cities in 31 provinces/municipalities in China. In order to effectively manage on-site performance of marketers, we divide on-site implementation of sales and marketing activities into different tasks and evaluate performance of our marketers on the tasks. Typical examples of tasks include sales and promotion, assisting in marketing campaigns, in-store merchandise display, stock inventory management and other daily operations. For FY2022, the total number of tasks completed was over 683,000. A task is regarded as "completed" when all requirements prescribed by the customer in relation to such task have been accomplished by marketers. In view of such volume of data, we need a reliable and scalable platform to support our provision of effective sales and marketing services. In particular, *MiJob Square*, being one of our flagship digitalised tools, facilitates easy task application for marketers, and also facilitates remote management of marketers and monitoring of task performance and status for us.

Meanwhile, our tasks and marketers matching service utilises big data and AI technologies to generate and continuously improve matching recommendations of marketers with tasks. Since different tasks at offline retail stores in different areas which may have different target consumer groups, consumers' behaviour and preference, merchandise variety, etc. require marketers with different background, experience and skill sets, etc., we believe that we can enhance our ability in achieving better results (such as sales amount) using AI-generated matching recommendations.

SUMMARY

OUR CUSTOMERS

Leveraging our proven track record and service quality, we have acquired positive market reputation for providing our services and accumulated a solid customer base, comprising brand owners and distributors. A majority of our brand owner customers and most of our top five customers in each year of the Track Record Period are Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence. For each year during the Track Record Period, revenue from our five largest customers amounted to RMB269.2 million, RMB250.4 million and RMB438.7 million, representing 65.2%, 60.2% and 71.0% of our total revenue, respectively. For each year during the Track Record Period, our revenue from our largest customer amounted to RMB71.2 million, RMB81.2 million and RMB166.8 million, representing 17.2%, 19.5% and 27.0% of our total revenue, respectively. As we derived a significant portion of our revenue from our top five customers in each year of the Track Record Period, we are exposed to the risk of concentration of our major customers. For further details, see “Risk Factors — We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.” and “Business — Our customers — Customer concentration”.

OUR SUPPLIERS

Our suppliers mainly include labour service providers, event consumables suppliers and data service and related IT service providers. For each year during the Track Record Period, our top five suppliers include labour service providers and event consumables suppliers. For each year during the Track Record Period, our purchases from our five largest suppliers amounted to RMB149.5 million, RMB156.4 million and RMB121.5 million, representing 60.6%, 58.1% and 48.3% of our total purchases, respectively. For each year during the Track Record Period, our purchases from our largest supplier, being a human resources management service provider amounted to RMB90.8 million, RMB50.0 million and RMB43.2 million, representing 36.8%, 18.6% and 17.2% of our total purchases for the same periods, respectively. For further details, see “Business — Our suppliers”.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success:

- Established sales and marketing service provider in China
- Strong network effect and synergy effect enabled by our business model
- Data-centric operation empowered by our FMES platform
- Large and diverse marketer pool
- High-quality customer base with expansion potential
- Seasoned and insightful management team

For further details, see “Business — Our competitive strengths”.

SUMMARY

OUR GROWTH STRATEGIES

We intend to leverage on our competitive strengths and implement the following strategies:

- Enhance our R&D capabilities and develop advanced sales and marketing digitalised tools as well as attracting and retaining R&D talents
- Raise awareness of our brand and increase market share
- Establish our international presence
- Pursue strategic investment, acquisition and cooperation

For further details, see “Business — Our growth strategies”.

RISK FACTORS

Our business and industry and the Global Offering involve certain risks as set out in “Risk Factors”. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face includes:

- We operate in a relatively competitive market and may not be able to compete successfully against our existing and future competitors. In addition, we obtain some of our revenue through competitive tender or quotation process. There is no assurance that we will succeed in the tender or quotation process.
- Our growth may not be sustainable and depends on our ability to attract new customers, diversify customer base and retain or increase revenue from existing customers.
- The offline retail market and retail sales and marketing services market in China is subject to various uncertainties. In particular, the emergence of e-commerce and online marketing may adversely affect the demand for our on-site sales and marketing services, as well as the overall offline retail sales and marketing services market in China.
- If we fail to meet our customers’ requirements of our services to suit their evolving needs, our customers may not renew our services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations and prospects.
- Our efforts to develop new digitalised tools or functionalities may not succeed. If so, we may not be able to provide services that are satisfactory to our customers, which, in turn, could harm our business and prospects.
- Our financial results of tasks and marketers matching service depend on, among others, performance of marketers which can be adversely affected by a number of factors, some of which may be beyond our control.
- Our customers may switch between our services, which may materially and adversely affect our financial performance.

SUMMARY

- If our digitalised tools contain serious errors or defects, our customers may lose confidence in our services. In addition, system disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our digitalised tools, IT infrastructures or network systems may delay or interrupt services to our customers. We may incur significant costs defending or settling claims with our customers as a result of such serious errors or defects or disruptions.
- We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.
- Any interruptions to or delays in services from third parties, such as labour service providers, event consumables suppliers and IT service providers, may impair the delivery of our services, and adversely affect our business and results of operations.
- Our business generates and processes a large amount of data and we are required to comply with constantly evolving PRC laws relating to information security and privacy protection. The improper use or disclosure of data or alleged incidents of such could have a material and adverse effect on our business and prospects.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised), the Company shall be held as to 11.98% and 41.90% by Guangjun Sun Holdings and Guangjun Holdings respectively. Guangjun Holdings is owned as to 99% by Summit Plus (which in turn is wholly-owned by Mr. Sun's Family Trust, a discretionary trust set up for the benefit of Mr. Sun and Junshu Holdings) and 1% by Junshu Holdings respectively. Guangjun Sun Holdings is wholly-owned by Junshu Holdings Limited, which in turn is wholly-owned by Mr. Sun. Accordingly, Mr. Sun, Junshu Holdings, Guangjun Sun Holdings, Summit Plus and Guangjun Holdings will be our Controlling Shareholders upon the Listing.

OUR PRE-IPO INVESTOR

Since the establishment of our Company, we have secured pre-IPO investment from New Mercury Investments. For further details of the identity and background of the pre-IPO investor, and the principal terms of the pre-IPO investment, see "History, Reorganisation and Corporate Structure — Pre-IPO investment".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables sets forth our summary historical financial information for the years or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountant's Report in Appendix I to this prospectus. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant's Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information". Our historical financial information was prepared in accordance with HKFRS.

SUMMARY

Summary of consolidated statements of comprehensive income

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<u>413,571</u>	<u>416,289</u>	<u>618,110</u>
Gross profit	163,966	170,249	173,567
Other income	8,393	24,688	27,894
Operating profit	78,097	86,122	79,709
Profit before income tax	<u>73,435</u>	<u>81,453</u>	<u>76,598</u>
Profit for the year	<u><u>53,897</u></u>	<u><u>59,010</u></u>	<u><u>52,702</u></u>
Attributable to:			
Owners of the Company	53,874	58,664	52,702
Non-controlling interests	<u>23</u>	<u>346</u>	<u>—</u>
	<u><u>53,897</u></u>	<u><u>59,010</u></u>	<u><u>52,702</u></u>

Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use non-HKFRS measures, such as adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. We believe that such 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 the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit (non-HKFRS measure) as profit for the year adjusted by adding back Listing expenses. We exclude Listing expenses because Listing expenses are expenses related to the Global Offering. Therefore, Listing expense is added back to the adjusted net profit (non-HKFRS measure) with a view to eliminating the potential impacts of such items. The Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential investors and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit (non-HKFRS measure) is not a measure required by, or presented in accordance with HKFRS. The use of adjusted net profit (non-HKFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

SUMMARY

The following table reconciles our adjusted net profit (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	53,897	59,010	52,702
<i>Add:</i>			
Listing expenses	<u>—</u>	<u>8,370</u>	<u>17,853</u>
Adjusted net profit (non-HKFRS measure)	<u>53,897</u>	<u>67,380</u>	<u>70,555</u>

Our adjusted net profit (non-HKFRS measure) amounted to RMB53.9 million, RMB67.4 million and RMB70.6 million for FY2020, FY2021 and FY2022, respectively. Our adjusted net profit margin (non-HKFRS measure) was 13.0%, 16.2% and 11.4% for FY2020, FY2021 and FY2022, respectively.

Revenue

Services types

The following table sets forth a breakdown of our revenue by service types for the years indicated:

	FY2020		FY2021		FY2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Customised marketing solution	305,888	74.0	272,724	65.5	459,623	74.4
Tasks and marketers matching service	32,127	7.7	59,238	14.2	82,062	13.3
Marketers assignment service	73,583	17.8	69,412	16.7	48,713	7.8
SaaS+ subscription	<u>1,973</u>	<u>0.5</u>	<u>14,915</u>	<u>3.6</u>	<u>27,712</u>	<u>4.5</u>
Total	<u>413,571</u>	<u>100.0</u>	<u>416,289</u>	<u>100.0</u>	<u>618,110</u>	<u>100.0</u>

Our revenue increased from RMB413.6 million for FY2020 to RMB416.3 million for FY2021. The increase was primarily attributable to the significant increase in revenue from tasks and marketers matching service and SaaS+ subscription, which was in line with our business strategy to promote our tasks and marketers matching service and SaaS+ subscription, the effect of which was partially offset by the decrease in revenue from customised marketing solution, which was due to the decrease in spending of some of our brand owner customers of customised marketing solution in FY2021.

Our revenue increased from RMB416.3 million for FY2021 to RMB618.1 million for FY2022 primarily attributable to the increase in our revenue from customised marketing solution. Increase in revenue from customised marketing solution was mainly due to (i) the increase in the average revenue per brand owner customer from RMB6.7 million for FY2021 to RMB15.7 million for FY2022 as some of our existing brand owner customers expanded their spendings on customised marketing solution; (ii) revenue contributed by new customers procured by us in late 2021; and (iii) the fact that some of our marketers assignment service customers switched to our customised marketing solution services, which was in line with our strategies to put more focus on customised marketing solution and to cater changes in sales and marketing strategies of our customers from time to time in response to the prevailing changes in their industry.

SUMMARY

Geographical area

The following table sets forth a breakdown of our revenue by geographical area of our customers for the years indicated:

	FY2020		FY2021		FY2022	
	Revenue	%	Revenue	%	Revenue	%
East China ⁽¹⁾	181,887	44.0	200,184	48.1	226,853	36.7
South China ⁽²⁾	203,703	49.3	154,035	37.0	327,642	53.0
North China ⁽³⁾	24,272	5.9	54,394	13.1	54,952	8.9
Others ⁽⁴⁾	3,709	0.8	7,676	1.8	8,663	1.4
Total	413,571	100.0	416,289	100.0	618,110	100.0

Notes:

- (1) Included customers from Jiangsu, Shanghai, Zhejiang and other provinces/municipalities in East China.
- (2) Included customers from Guangdong, Guangxi and Hainan.
- (3) Included customers from Beijing, Tianjin, Shanxi and other provinces/municipalities in North China.
- (4) Included customers from Hubei, Sichuan, Henan and other provinces/municipalities in China except East China, South China and North China.

We generated most of our revenue from customers located in East China and South China, which in aggregate contributed revenue of RMB385.6 million, RMB354.2 million and RMB554.5 million and accounted for 93.2%, 85.1% and 89.7% of our total revenue for each year during the Track Record Period, respectively. Our revenue generated from customers located in North China increased substantially from 5.9% of our total revenue for FY2020 to 13.1% and 8.9% of our total revenue for FY2021 and FY2022, respectively, mainly because we expanded our business presence in Beijing and thus, generated increased revenue from customers in Beijing.

Cost of services

The following table sets forth a breakdown of our cost of services and as a percentage of our cost of services for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Labour service fees ⁽¹⁾	197,806	79.3	182,310	74.2	154,263	34.7
Employee benefit expenses ⁽²⁾	7,659	3.1	9,424	3.8	248,792	56.0
Event consumables ⁽³⁾	29,238	11.7	38,354	15.6	22,320	5.0
Travel and transportation expenses	10,030	4.0	10,611	4.3	9,315	2.1
Research, development and technical service expenses ⁽⁴⁾	1,285	0.5	4,729	1.9	8,823	2.0
Impairment losses on inventories ⁽⁵⁾	1,755	0.7	—	—	—	—
Other expenses	1,832	0.7	612	0.2	1,030	0.2
Total	249,605	100.0	246,040	100.0	444,543	100.0

SUMMARY

Notes:

- (1) Labour service fees mainly represented fees incurred in relation to third-party marketers engaged through labour services providers.
- (2) Employee benefit expenses mainly represented salaries and benefits paid to our staff (including Group staff and employee marketers).
- (3) Event consumables mainly represented production costs, event materials purchase fees, meeting and training fees and venue fees.
- (4) Research, development and technical service expenses mainly represented the expenses associated with the provision of SaaS+ subscription.
- (5) Impairment losses on inventories mainly represented provision of loss allowance for our candy products.

Our cost of services remained relatively stable for FY2020 and FY2021, where our labour service fees represented the largest component of our cost of services for FY2020 and FY2021 and accounted for 79.3% and 74.2% of our total cost of services, respectively.

The significant increase in cost of services associated with customised marketing solution from RMB190.7 million for FY2021 to RMB368.7 million for FY2022 was mainly because the revenue contribution of three of our top five customers for the Track Record Period, increased from 19.6% of our revenue for FY2021 to 50.2% for FY2022. Such increase in contribution was mainly due to the fact that these three customers switched from our marketers assignment service to our customised marketing solution, to cater for changes in their sales and marketing strategies in response to the prevailing changes in their industries. For FY2022, employee benefit expenses increased significantly to 56.0% of our total cost of services and thus, became the largest component of our cost of services, mainly because some of our marketers assignment service customers switched to our customised marketing solution. The employee benefit and disbursements paid to these employee marketers were originally recorded to net-off the gross transaction amounts of revenue generated from marketers assignment services, where under customised marketing solution, such expenses were recorded in full in our cost of services as employee benefit expenses.

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service types for the years indicated:

	FY2020		FY2021		FY2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	87,474	28.6	82,040	30.1	90,958	19.8
Tasks and marketers matching service	10,357	32.2	16,764	28.3	20,386	24.8
Marketers assignment service	65,580	89.1	61,633	88.8	43,733	89.8
SaaS+ subscription	555	28.1	9,812	65.8	18,490	66.7
Total	163,966	39.6	170,249	40.9	173,567	28.1

Our gross profit was RMB164.0 million, RMB170.2 million and RMB173.6 million for FY2020, FY2021 and FY2022, respectively. Our gross profit margin was 39.6%, 40.9% and 28.1%, for FY2020, FY2021 and FY2022, respectively.

SUMMARY

Customised marketing solution

Our gross profit margin of customised marketing solution increased slightly from 28.6% for FY2020 to 30.1% for FY2021. The increase in gross profit margin was mainly due to the increase in project scale of relatively higher profit margin projects with some brand owners. Our gross profit margin of customised marketing solution decreased from 30.1% for FY2021 to 19.8% for FY2022. The decrease was mainly due to increase in employee benefit expenses because some of our marketers assignment service customers switched to our customised marketing solution to cater for changes in their sales and marketing strategies in response to the prevailing changes in their industries. The customised marketing solution projects in relation to these customers were relatively more labour intensive than our other customised marketing solution projects as these customers required their products to be promoted in multiple locations with an aim to improve their sales performances. Thus, compared with other promotional activities and marketing events, which may require more event consumables rather than labour, these projects required more of our employee marketers to cover such locations and we therefore incurred more employee benefit expenses, thus the projects had a relatively lower gross profit margins.

Tasks and marketers matching service

Our gross profit margin of tasks and marketers matching service further decreased from 32.2% for FY2020 to 28.3% for FY2021. The decrease in gross profit margin of tasks and marketers matching service was mainly attributable to the increase in labour service fee as a result of the increase in number of manshift performed by third-party marketers to enhance the level of project execution and to meet the demands associated with the business expansion and the increase in average cost per manshift of third-party marketers for tasks and marketers matching service. The average cost per manshift of third-party marketers for tasks and marketers matching service increased at a higher rate than average revenue from tasks and marketers matching service per manshift of third-party marketers. Our gross profit margin of tasks and marketers matching service decreased from 28.3% for FY2021 to 24.8% for FY2022, as average cost per manshift of third-party marketers for tasks and marketers matching service increased at a higher rate than average revenue from tasks and marketers matching service per manshift of third-party marketers, which was mainly because (i) with a view to ensuring the quality of our services and maintaining a stable marketer base, we adjusted the calculation basis of the remuneration of the marketers and did not substantially reduce our cost of services; the remuneration of the marketers is calculated based on the marketers' attendance and the amount of sales achieved and in FY2022, we have expanded the types of sales-related incentives for certain of our customers and (ii) as affected by overall economic downturn, sales performance of offline retail stores involved under our tasks and marketers matching service was affected, which in turn reduced our revenue from tasks and marketers matching service that adopts a "performance-based" fee model.

Marketers assignment service

Our gross profit margin of 89.1% for FY2020, marketers assignment service remained stable at 88.8% for FY2021 and 89.8% for FY2022.

SUMMARY

SaaS+ subscription

As a newly launched service type in 2020, our gross profit margin of SaaS+ subscription increased significantly from 28.1% for FY2020 to 65.8% for FY2021. The increase was mainly due to the decrease in the percentage of research, development and technical service expenses to the revenue from SaaS+ subscription from 65.1% for FY2020 to 31.7% for FY2021 as we generally only had to make modifications to our software developed in 2020 to fit our customers' specification requirements instead of having it developed from scratch when we bring on new customers. Our gross profit margin of SaaS+ subscription remained relatively stable at 65.8% and 66.7% for FY2021 and FY2022, respectively.

For detailed analysis of our results of operation during the Track Record Period see "Financial Information".

Other income and gains — net

Our other income and gains — net increased from RMB8.6 million for FY2020 to RMB25.2 million for FY2021. The increase was mainly attributable to the significant increase in government grants from RMB3.7 million for FY2020 to RMB22.8 million for FY2021. The increase in government grants from FY2020 to FY2021 was mainly attributable to a significant increase in the amount of financial support received from RMB0.7 million for FY2020 to RMB22.5 million for FY2021. Such government grant, calculated based on our Group's income tax payment and our business scale, was intended to incentivise the development of Group in the Shanghai regions.

Our other income and gains — net further increased from RMB25.2 million for FY2021 to RMB28.9 million for FY2022, primarily due to the increase in government grants to RMB26.1 million for FY2022 as a result of the increase in the amount of financial support granted by the PRC government. The increase in government grants from FY2021 to FY2022 was mainly attributable to an increase in the financial support received pursuant to a job-subsidy programme of local authorities in the PRC, for example Job Stability Subsidies (穩崗補貼) and Employee Retention Subsidies (留崗補貼).

Government grants we received during the Track Record Period mainly represented (i) the financial support received from the Bureau of Finance of the relevant administrative areas, including Jiading District Bureau of Finance, a local authority in the PRC, to incentivise the development of our Group in the Shanghai regions; and (ii) job-subsidy programme of local authorities in the PRC according to the respective local government policies (such as Job Stability Returns (穩崗返還) and Job Stability Subsidies (穩崗補貼)), the applications of which were subject to certain conditions (such as no employee complaint, no report on arrears of salaries and a relatively low dismissal rate). There were no unfulfilled conditions or contingencies relating to the government grants. The timing, amounts and conditions of these government grants were within the sole discretion of the government and these government grants may be reviewed and assessed by the government periodically and may fluctuate from time to time pursuant to the changes in relevant government policies. The majority of our government grants received were non-recurring in nature. For details, see "Risk Factors — Any discontinuation, reduction or delay of government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations."

SUMMARY

Profit for the year

Our profit for the year increased from RMB53.9 million for FY2020 to RMB59.0 million for FY2021, primarily due to (i) the increase in other income from government grants by RMB19.1 million during FY2021; and (ii) the increase in gross profit by RMB6.3 million for FY2021. The effect was partially offset by the increase in administrative expenses of RMB11.6 million mainly as a result of Listing expenses of RMB8.4 million being recognised in FY2021.

Our profit for the year decreased from RMB59.0 million for FY2021 to RMB52.7 million for FY2022, primarily due to (i) the increase in administrative expenses of RMB2.0 million mainly as result of Listing expenses of RMB17.9 million being recognised for FY2022; and (ii) the increase in research and development expenses of RMB12.9 million mainly as a result of the expenses incurred in relation to the use of external third party database for the purpose of research and development.

Summary of consolidated statements of financial position

The following tables sets forth out a summary of our consolidated statements of financial positions as at the dates indicated.

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	575,355	616,272	618,482
Current liabilities	323,352	303,546	280,577
Net current assets	252,003	312,726	337,905
Non-current assets	19,004	14,438	8,644
Non-current liabilities	3,570	2,133	55
Net assets	267,437	325,031	346,494
Non-controlling interests	1,523	—	—

Our net current assets increased from RMB252.0 million as at 31 December 2020 to RMB312.7 million as at 31 December 2021 primarily due to the increase in trade receivables as the result of increase in revenue for the fourth quarter in 2021 as compared with the same period in 2020 and the decrease in the use of trade receivables factoring facilities, the effect of which was partially offset by the (i) increase in our borrowings; and (ii) decrease in our contract assets.

Our net current assets increased from RMB312.7 million as at 31 December 2021 to RMB337.9 million as at 31 December 2022 primarily due to (i) the increase in deposits, other receivables and prepayments and cash and cash equivalents and (ii) the decrease in lease liabilities, trade and other payables and income tax payables, the effects of which were partially offset by (i) the decrease in trade receivables and financial assets at fair value through profit or loss and (ii) the increase in borrowings.

Net assets

Our net assets increased from RMB267.4 million as at 31 December 2020 to RMB325.0 million as at 31 December 2021 primarily due to the net profit of RMB59.0 million for FY2021, the effect of which was partially offset by shareholding acquisition from non-controlling interests for a subsidiary of RMB1.5 million for FY2021.

SUMMARY

Our net assets further increased from RMB325.0 million as at 31 December 2021 to RMB346.5 million as at 31 December 2022 primarily due to the net profit of RMB52.7 million and capital injection from a new shareholder of RMB3.5 million for FY2022, the effect of which was partially offset by the decrease in other reserves of RMB34.7 million arising from the acquisition of minority interests of Plus Shanghai as a result of the Reorganisation.

Summary of consolidated statements of cash flows

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

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	45,803	20,110	71,603
Net cash generated from investing activities	83,976	4,794	4,527
Net cash used in financing activities	(139,889)	(13,697)	(33,743)
Net (decrease)/increase in cash and cash equivalents	(10,110)	11,207	42,387
Cash and cash equivalents at the beginning of the year	<u>19,220</u>	<u>9,110</u>	<u>20,317</u>
Cash and cash equivalents at the end of the year	<u>9,110</u>	<u>20,317</u>	<u>62,704</u>

Our net cash generated from operations slightly decreased from RMB59.3 million for FY2020 to RMB56.8 million for FY2021. The decrease was mainly attributable to the decrease in trade and other payables by RMB37.6 million as the said social security payments reduction policy was an one-off policy for FY2020, the effect of which was partially offset by (i) the increase in profit before income tax by RMB8.0 million; and (ii) the decrease in trade receivables by RMB27.0 million as the result of our efforts in collecting trade receivables from certain of our major customers during the Track Record Period.

Our net cash generated from operations increased from RMB56.8 million for FY2021 to RMB95.9 million for FY2022. The increase was mainly attributable to (i) the decrease in trade receivables by RMB120.2 million primarily because we entered into an agreement with one of our major customers during the Track Record Period, pursuant to which such customer agreed on a shorter settlement period with us; and (ii) the increase in contract liabilities by RMB3.6 million, the effects of which were partially offset by (i) the increase in contract assets by RMB40.8 million which was in line with our increased revenue; and (ii) decrease in trade and other payables by RMB30.7 million.

Key financial ratios

	As at or for the year ended		
	31 December		
	2020	2021	2022
Revenue growth ⁽¹⁾	-13.1%	0.7%	48.5%
Gross profit margin ⁽²⁾	39.6%	40.9%	28.1%
Net profit margin ⁽³⁾	13.0%	14.2%	8.5%
Adjusted net profit margin (Non-HKFRS measure) ⁽⁴⁾	13.0%	16.2%	11.4%
Current Ratio ⁽⁵⁾	1.8	2.0	2.2

SUMMARY

Notes:

- (1) Revenue growth ratio equals revenue growth divided by revenue for the same period of the last year.
- (2) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the year.
- (3) The calculation of net profit margin is based on profit for the year divided by revenue for the year.
- (4) Adjusted net profit margin (non-HKFRS measure) equals adjusted net profit (non-HKFRS measure) divided by revenues for the year.
- (5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year.

OFFERING STATISTICS

	Based on an Offer Price of HK\$10.6 per Offer Share	Based on an Offer Price of HK\$11.8 per Offer Share
Market capitalisation of our Shares (<i>Note 1</i>)	HK\$1,327.1 million	HK\$1,477.4 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share (<i>Note 2</i>)	HK\$5.12	HK\$5.36

Notes:

1. The calculation of market capitalisation is based on 125,200,400 Shares expected to be in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.
2. Our unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at after the adjustments referred to in “Unaudited Pro Forma Financial Information” as set out in Appendix II to this prospectus and on the basis that 124,200,400 Shares were in issue assuming the Share Subdivision and Global Offering had taken place on 31 December 2022, excluding the 1,000,000 Shares (after Share Subdivision) under the RSU Scheme that were accounted for as treasury shares, and without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.

LISTING EXPENSES

Listing expenses represented professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Assuming an Offer Price of HK\$11.2 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option, we expect to incur Listing expenses of a total of RMB46.8 million (equivalent to approximately HK\$53.3 million), representing approximately 19.0% of the gross proceeds from the Global Offering and consisting of RMB1.9 million in underwriting fees and RMB44.9 million in non-underwriting fees (comprising fees and expenses of legal advisers and reporting accountant of RMB27.5 million and other fees and expenses of RMB17.4 million). Our Listing expenses charged to profit or loss amounted to nil, RMB8.4 million and RMB17.9 million, for FY2020, FY2021 and FY2022, respectively.

SUMMARY

In addition, we estimate that an additional Listing expenses of RMB20.5 million will be further incurred by us, of which RMB11.3 million (comprising fees and expenses of legal advisers and reporting accountant of RMB8.7 million and other fees and expenses of RMB2.6 million) is expected to be charged to our consolidated statement of profit or loss and RMB9.2 million (comprising underwriting fees of RMB1.9 million, fees and expenses of legal advisers and reporting accountant of RMB5.0 million and other fees and expenses of RMB2.3 million) is expected to be deducted from equity upon Listing, which is directly attributable to the issue of the Shares. The Listing expenses above are the best estimate as of Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$226.7 million, assuming an Offer Price of HK\$11.2 per Offer Share (being the mid-point of the Offer Price range of HK\$10.6 and HK\$11.8 per Offer Share) and after deduction of underwriting fees, commissions and other estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to utilise the net proceeds as follows:

- 32.0% of the net proceeds, or HK\$72.5 million, will be used for enhancing our core technology capabilities and fundamental R&D
 - 17.1% of the net proceeds, or HK\$38.7 million, will be used for continuous upgrading of our FMES platform and digitalised tools;
 - 5.0% of the net proceeds, or HK\$11.3 million, will be used for establishing a cloud-based sales and marketing platform as a service (PaaS) system;
 - 6.6% of the net proceeds, or HK\$15.0 million, will be used for enhancing our IT infrastructure;
 - 3.3% of the net proceeds, or HK\$7.5 million, will be used for enhancing our Shanghai headquarters and Dalian R&D centre;
- 30.0% of the net proceeds, or HK\$68.0 million, will be used for strategic investment, acquisition and cooperation;
- 20.5% of the net proceeds, or HK\$46.5 million, will be used for enhancing our capabilities in sales and marketing and business development to further our business growth and brand awareness:
 - 17.0% of the net proceeds, or HK\$38.6 million, will be used for increasing the size of our business team to accelerate the development of our customised marketing solution and tasks and marketers matching service over the next three years;
 - 2.0% of the net proceeds, or HK\$4.5 million, will be used for providing more professional training to our business and operation team to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty;
 - 1.5% of the net proceeds, or HK\$3.4 million, will be used for expanding and diversifying our sales and marketing channels;

SUMMARY

- 7.5% of the net proceeds, or HK\$17.0 million, will be used for repaying our bank borrowings; and
- 10.0% of the net proceeds, or HK\$22.7 million, will be used as our working capital for general purposes.

DIVIDEND

No dividend has been paid or declared by our Company since its incorporation. Save for the dividends of RMB165.0 million declared by Plus Shanghai to its then shareholders for FY2020, no dividend was declared or paid by our Group during the Track Record Period and up to the date of this prospectus.

Our Company is a holding company incorporated in the Cayman Islands. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may recommend a payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend shall be proposed and approved by the Board in accordance with the Articles, the Cayman Companies Act and any applicable laws and regulations. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors. There is no assurance that dividends of any amount will be declared or be distributed in any year.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business — Legal proceedings and compliance — Legal proceedings", our Directors confirmed that there had been no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operation.

Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, there were no breaches or violations of applicable PRC laws and regulations that may have a material and adverse impact on our business, financial condition or results of operation taken as a whole, and we had obtained all material requisite licences and approvals from relevant governmental authorities for our operations in the PRC.

SUMMARY

IMPACT OF COVID-19 PANDEMIC ON OUR OPERATIONS

Since December 2019, a novel strain of COVID-19, has severely impacted China and many other countries. On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. Many businesses and social activities in China and other countries and regions have been severely disrupted, particularly in the first quarter of 2020. Although conditions have substantially improved since late March 2020 in the PRC, there was a slight rebound of number of confirmed cases of COVID-19 in certain cities afterwards. In 2022, a number of positive COVID-19 cases appeared in certain areas of Shanghai and other locations in China, which eventually led to resurgence of COVID-19 outbreak in various parts of China. In response to COVID-19, the PRC government has from time to time imposed various mandatory quarantine, which included temporary lockdown of residential areas and closures of offline retail stores, offices and workplaces and other facilities, implementation of “closed-door” production or work from home arrangement of non-essential business and suspension of public transportation. These measures have caused a temporary decline in the business activities in various industries in which our customers operate and the restricted movement of individuals has disrupted the operations of the offline retail network and consumer demand for certain FMCG merchandise and thus, in turn affect our business operations and financial results during the Track Record Period. For details, please refer to “Business — Impact of COVID-19 Pandemic On Our Operation”. Moreover, our operation efficiency was affected to a certain extent because our staff were required to work from home from time to time.

In view of the PRC government’s recent relaxation of the national COVID-19 prevention measures since December 2022 (such as the PRC authorities releasing measures to accelerate the economic recovery and resume normal operations of the society and the lifting up of quarantine measures and travel restrictions), and notwithstanding the soaring of infections in late December 2022 and early January 2023, our Directors remain cautiously optimistic with our operations in the future. With information currently available to our Directors (including (i) the fact that since December 2022 and up to the Latest Practicable Date, there was no cancellation or postponement of contracts/projects; (ii) the fact that we did not experience any material shortage of labour and the number of average monthly active marketers of over 26,000 for January 2023 remained relatively stable as compared with FY2021 and FY2022; (iii) the number of completed tasks of around 69,000 in January 2023 remained relatively stable as compared with other months in FY2022; (iv) our Group staff has gradually returned to offices and thus, our operation efficiency has gradually resumed to normal; and (v) market information based on our regular communication with our key customers and suppliers) and after taking into account the governmental measures implemented, up to the Latest Practicable Date, our Directors were not aware of any material adverse impact of such relaxation of the national COVID-19 policy and consequent resurgence of COVID-19 in the PRC since late 2022 on the Group’s operations and financial performance. Our Directors are of the view that COVID-19 shall not have a permanent impact on us or materially disrupt our business operations as the demand for our services will gradually resume along with the recovery of the retail market, as well as the retail support service market. Our Directors will continue to assess the impact of the COVID-19 on our operations and financial performance and closely monitor our exposure to the risks and uncertainties in connection with the COVID-19.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Business developments

Having considered our customers generally require a broader range of sales and marketing services from us over the years, we believe that in the future, more of our marketers assignment service customers may choose and switch to our customised marketing solution and/or tasks and marketers matching service.

SUMMARY

In January 2023, we entered into customised marketing solution service contracts with Customer D, under which we shall provide a nationwide coverage of customised marketing solution, including raising brand awareness and merchandise promotion at designated offline retail stores. Such service contracts have an aggregate maximum contract amount of RMB375 million and will involve around 4,300 employee marketers. We believe that these new contracts will strengthen our customised marketing solution and enhance our income stream.

Financial developments

Our net profit may experience a decrease for the year ending 31 December 2023 as compared to that of the year ended 31 December 2022, mainly due to (i) the expected Listing expenses to be incurred during the year; and (ii) the possible decrease in our other income as majority of our government grants received in FY2022 were non-recurring in nature and the timing, amounts and conditions of these government grants were within the sole discretion of the government, which we may not be able to receive those government grants at similar levels in 2023.

Our Company had granted with an aggregate of 20,000 underlying Shares, which has been adjusted to 1,000,000 underlying Shares after the completion of the Share Subdivision, representing 0.80% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) on 31 March 2023. It is expected that the grant of the RSU will cause our Group to incur share-based payment expenses during the vesting period. As such, the recognition of share-based payment expenses will lead to a negative financial impact on our Group's net profit for the year ending 31 December 2023.

Recent regulatory developments

Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies

On 17 February 2023, China Securities Regulatory Commission (the “CSRC”) issued the 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 “**Trial Measures**”) and five supporting guidelines, the Trial Measures came into effect on 31 March 2023. According to the Trial Measures, a filing-based regulatory regime is adopted to regulate both direct and indirect overseas securities offering and listing by the domestic companies.

The Trial Measures provide that an overseas listing or offering is explicitly prohibited under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules of the PRC; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company, its controlling shareholder(s) or the actual controller 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 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.

SUMMARY

According to the Trial Measures, if the listing applicant meets both of the following conditions, its overseas offering and listing be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of its domestic operating entities in the most recent accounting year accounts for more than 50% of the corresponding figure in its audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of its operation and management are mostly Chinese citizens or are domiciled in China. As advised by our PRC Legal Adviser, our proposed offering and listing falls within the scope of indirect overseas offering and listing of a domestic company because we meet both of the conditions stated above, and therefore we will be subject to the filing procedures with the CSRC.

On 17 February 2023, the CSRC also 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). According to the Notice, the domestic companies that have already been listed overseas on or before the effective date of the Trial Measures shall be deemed as existing, which are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC when subsequent corporate actions are involved. Further, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Trial Measures (i.e. 31 March 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from 31 March 2023. Those who complete their overseas offering and listing within such six-month period, before 30 September 2023, are deemed as existing issuers and are not required to file with the CSRC for their overseas offering and listing within such six-month transition period.

Based on the foregoing, as advised by our PRC Legal Adviser, we are not required to complete the overseas listing filing provided that: (i) we pass the hearing for the listing application in relation to the Listing on the Stock Exchange prior to 31 March 2023, (ii) we complete our offering and listing on the Stock Exchange on or prior to 30 September 2023, and (iii) we are not required to go through a new hearing with the Stock Exchange during the period between 31 March 2023 and 30 September 2023. Based on the above advice of our PRC Legal Adviser, our Directors are of the view that, and the Joint Sponsors concur that, we are not required to complete the overseas listing filing provided that the aforementioned requirements are satisfied. Our Directors believe that there is no foreseeable material impediment for our Company to complete such filing procedures, if required, because (i) as advised by our PRC Legal Adviser, we do not fall under any of the circumstances specified in the Trial Measures under which overseas offering and listing are prohibited; (ii) in addition, we had not received any inquiry, notice, warning, or order prohibiting us from getting listed on the Stock Exchange from the CSRC or any other PRC government authorities; and (iii) we will continue to monitor our compliance with the Trial Measures and we will perform the filing procedures or information reporting procedures according to the timing requirements applicable to us.

For details, see “Regulatory Overview — Laws and Regulations Relating to M&A and Overseas Listings”.

SUMMARY

No material adverse change

Our Directors confirm that, up to the date of this prospectus, save for the subsequent events as described in Note 29 to the Accountant's Report in Appendix I to this prospectus and the recent developments as set out in "Summary — Recent developments and no material adverse change", there has been no material adverse change in our financial, operational or trading positions or prospects since 31 December 2022, being the date of our consolidated financial statements as set out in the Accountant's Report included in Appendix I to this prospectus and there has been no event since 31 December 2022 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary of Technical Terms”.

“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”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), conditionally adopted on 4 April 2023 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
“Beijing Ruosheng”	Beijing Ruosheng Technology Co., Ltd* (北京若勝科技有限公司), a limited company established under the laws of the PRC on 16 August 2021 and an indirect wholly-owned subsidiary of our Company
“Board”	the board of directors of our Company
“Brand Wisdom”	Brand Wisdom Limited, a limited company incorporated in BVI on 1 November 2021 and wholly-owned by Mr. Pun Kai Cheung (潘啟祥)
“BVI”	the British Virgin Islands
“CAC”	Cyberspace Administration of China (國家互聯網信息辦公室)
“CAGR”	compound annual growth rate
“Capital Market Intermediaries”	the capital market intermediaries as named in the section headed “Directors and Parties Involved in the Global Offering”
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as amended or supplemented or otherwise modified from time to time) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman”	the chairman of the Board
“Channel Power”	Channel Power Plus Inc., a company incorporated in the BVI with limited liability on 12 October 2021 and a wholly-owned subsidiary of our Company
“China”, “mainland China”, “PRC” and “State”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region 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” or “our Company”	Plus Group Holdings Inc. (普樂師集團控股有限公司), formerly known as Plus Digital Technologies Inc. (普樂師數字科技有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 30 September 2021
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules, and unless the context otherwise requires, refers to Mr. Sun, Junshu Holdings, Guangjun Holdings, Summit Plus and Guangjun Sun Holdings

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EMBA”	Executive Master of Business Administration
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Frost & Sullivan Report”	the industry report prepared by Frost & Sullivan and commissioned by our Company regarding the China’s retail support services market, as referred to in the section headed “Industry Overview” in this prospectus
“FY2020”	for the year ended 31 December 2020
“FY2021”	for the year ended 31 December 2021
“FY2022”	for the year ended 31 December 2022
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Gongqingcheng Cema”	Gongqingcheng Cema Investment Partnership (Limited Partnership)* (共青城策碼投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 26 May 2016 and a former shareholder of Plus Shanghai
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be)
“Guangjun Holdings”	Guangjun Holdings Limited, a company incorporated in the BVI with limited liability on 13 September 2021, one of the Controlling Shareholders and wholly-owned by Junshu Holdings
“Guangjun Sun Holdings”	Guangjun Sun Holdings Limited, a company incorporated in the BVI with limited liability on 13 September 2021, one of the Controlling Shareholders and wholly-owned by Junshu Holdings Limited
“Hannah Xia Holdings”	Hannah Xia Holdings Limited, a company incorporated in the BVI with limited liability on 13 September 2021 and wholly-owned by Jonson Xia Holdings Limited

DEFINITIONS

“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the IPO App or the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified in the IPO App or on the designated website at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards which include standards and interpretations as issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 2,500,000 Shares initially being offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “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 at the Offer Price on the terms and conditions described in this prospectus
“Hong Kong Share Register”	the register of members of our Shares maintained by the Hong Kong Share Registrar
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting — Hong Kong Underwriters”

DEFINITIONS

“Hong Kong Underwriting Agreement”	the underwriting agreement dated 26 April 2023 relating to the Hong Kong Public Offering entered into by, among others, our Company, 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
“Houyang Zaixin”	Ningbo Houyang Zaixin Equity Investment Partnership (Limited Partnership)* (寧波厚揚載信股權投資合夥企業(有限合夥)), a limited liability partnership established on 17 February 2016 under the laws of the PRC and a former shareholder of Plus Shanghai
“Independent Third Party(ies)”	party or parties that, to the best of our Directors’ knowledge, information and believe, having made all reasonable enquiries, is or are not our connected person(s), within the meaning of the Listing Rules
“International Offer Shares”	the 22,500,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering”
“International Offering”	the offer of the International Offer Shares at the Offer Price in the United States to QIBs only in reliance on Rule 144A and outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, the Overall Coordinators and the International Underwriters on or about the Price Determination Date
“IPO App”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Jiaxing Jiuding”	Jiaxing Jiuding Celue Investment Partnership I (Limited Partnership)* (嘉興九鼎策略一期投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 17 July 2013 and a former shareholder of Plus Shanghai

DEFINITIONS

“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the Global Offering”
“Jonson Xia Holdings”	Jonson Xia Holdings Limited, a company incorporated in the BVI with limited liability on 3 September 2021 and wholly owned by Mr. Xia
“Jonson Xia Smile Holdings”	Jonson Xia Smile Family Holdings Limited, a company incorporated in the BVI on 31 March 2023 and wholly-owned by Mr. Xia’s Family Trust
“Junshu Holdings”	Junshu Holdings Limited, a company incorporated in the BVI with limited liability on 3 September 2021, one of the Controlling Shareholders and wholly-owned by Mr. Sun
“Kuwei Holdings”	Kuwei Holdings Limited, a company incorporated in the BVI with limited liability on 3 September 2021
“Kuzhong Holdings”	Kuzhong Holdings Limited, a company incorporated in the BVI with limited liability on 3 September 2021
“Latest Practicable Date”	20 April 2023, being the latest practicable date prior to the publication of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time
“M&A Rules”	Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定), which were jointly promulgated by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAIC, the CSRC, and the SAFE on 8 August 2006, and came into effect on 8 September 2006 and subsequently amended on 22 June 2009, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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
“MBA”	Master of Business Administration
“Mecool Business Consulting”	Shanghai Mecool Business Consulting Co., Ltd.* (上海明酷商務諮詢有限公司), a limited company established under the laws of the PRC on 29 June 2015 and an indirect wholly-owned subsidiary of our Company
“Mecool Marketing”	Shanghai Mecool Marketing Services Co., Ltd.* (上海明酷營銷服務有限公司), a limited company established under the laws of the PRC on 18 July 2012 and an indirect wholly-owned subsidiary of our Company
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company (as amended from time to time), conditionally adopted on 4 April 2023 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus
“Mingda Shengrui”	Ningbo Mingda Shengrui Equity Investment Partnership (Limited Partnership)* (寧波明達盛睿股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 16 September 2015 and a shareholder of Plus Shanghai prior to the Reorganisation
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Lau”	Mr. Lau Man Tak, our independent non-executive Director
“Mr. Li”	Mr. Li Jianbo (李建波), our non-executive Director
“Mr. Ngan”	Mr. Ngan Wing Ho (顏永豪), our independent non-executive Director
“Mr. Sun”	Mr. Sun Guangjun (孫廣軍), our executive Director, chairman of the Board of Directors, chief executive officer of the Company and one of our Controlling Shareholders
“Mr. Sun’s Family Trust”	a discretionary family trust established by Mr. Sun as settlor for the benefit of Mr. Sun and Junshu Holdings, of which Trident Trust Company (HK) Limited is a trustee
“Mr. Xia”	Mr. Xia Jingtang (夏景棠), an ultimate shareholder of our Company
“Mr. Xia’s Family Trust”	a discretionary family trust established by Mr. Xia as settlor for the benefit of Mr. Xia and Jonson Xia Holdings, of which Trident Trust Company (HK) Limited is a trustee
“Mr. Yang”	Mr. Yang Hong (楊洪), our executive Director

DEFINITIONS

“Mr. Zhong”	Mr. Zhong Jiasheng (鐘傑生), our non-executive Director
“Ms. Li”	Ms. Li Yingkai (李營開), our independent non-executive Director
“New Mercury Investments”	New Mercury Investments Limited (新水星投資有限公司), a limited company incorporated in Hong Kong on 8 November 2021 and an indirect wholly-owned subsidiary of our Company
“Ningbo Hanzhong”	Ningbo Hanzhong Investment Management Partnership (Limited Partnership)* (寧波翰眾投資管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 2 July 2015 and a shareholder of Plus Shanghai prior to the Reorganisation
“Ningbo Kuwei”	Ningbo Kuwei Investment Management Partnership (Limited Partnership) (寧波酷未投資管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 22 October 2014 and an employee shareholding platform of Plus Shanghai prior to the Reorganisation
“Ningbo Kuzhong”	Ningbo Kuzhong Investment Management Partnership (Limited Partnership)* (寧波酷眾投資管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 2 July 2015 and an employee shareholding platform of Plus Shanghai prior to the Reorganisation
“No.1 Mercury Holdings”	No.1 Mercury Holdings Limited, a limited company incorporated in BVI on 1 December 2021 and an indirect wholly-owned subsidiary of our Company
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) of not more than HK\$11.8 and expected to be not less than HK\$10.6, such price to be agreed upon by our Company and the Overall Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option to be granted by us to and exercisable by the Overall Coordinators (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 3,750,000 additional Shares (representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option”

DEFINITIONS

“Overall Coordinators”	the overall coordinators as named in the section headed “Directors and Parties Involved in the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Plus (HK)”	Plus (HK) Digital Technologies Limited (普樂師(香港)數字科技有限公司), a limited company incorporated in Hong Kong on 5 November 2021 and an indirect wholly-owned subsidiary of our Company
“Plus Beijing”	Beijing Plus Technology Co., Ltd* (北京普樂師科技有限公司), a limited company established under the laws of the PRC on 18 August 2021 and an indirect wholly-owned subsidiary of our Company
“Plus Shanghai”	Plus (Shanghai) Digital Technologies Co., Ltd.* (普樂師(上海)數字科技有限公司), formerly known as Shanghai Mecool Marketing Co., Ltd.* (上海明酷市場營銷服務有限公司) and Plus (Shanghai) Digital Technologies Co., Ltd. (普樂師(上海)數字科技股份有限公司), a limited company established under the laws of the PRC on 6 August 2004 and an indirect wholly-owned subsidiary of our Company
“PRC Legal Adviser”	Jingtian & Gongcheng, our legal adviser as to the PRC laws
“Price Determination Agreement”	the agreement to be entered into between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Thursday, 4 May 2023 on which the Offer Price is to be fixed by agreement between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) and, in any event, not later than Friday, 5 May 2023
“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Puzhong Holdings”	Puzhong Holdings Limited, a company incorporated in the BVI with limited liability on 15 September 2021
“QIBs”	qualified institutional buyers pursuant to an exemption from registration under Rule 144A under the U.S. Securities Act
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus

DEFINITIONS

“Retail Winner”	Shanghai Retail Winner Digital Technologies Co., Ltd.* (上海若勝米咖信息技術有限公司), a limited company established under the laws of the PRC on 1 April 2017 and an indirect wholly-owned subsidiary of our Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Robert Sun Holdings”	Robert Sun Holdings Limited, a company incorporated in the BVI with limited liability on 13 September 2021 and wholly-owned by Kastle Limited
“RSU”	a restricted share unit awarded to a participant under the RSU Scheme
“RSU Scheme”	the restricted share unit scheme of our Company approved and adopted by our Board on 13 January 2022, the principal terms of which are set out in “Statutory and General Information — D. Other Information — 1. RSU Scheme” in Appendix IV
“Rule 144A”	Rule 144A under the U.S. Securities Act
“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”	the PRC State Administration for Market Regulation (中華人民共和國國家市場監督管理總局), formerly known as the PRC State Administration for Industry and Commerce (SAIC) (中華人民共和國國家工商行政管理總局) (“SAIC”)
“STA”	the State Taxation Administration (國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Security and Future Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Chengzhi”	Shanghai Chengzhi Information Technology Co., Ltd.* (上海呈智信息科技有限公司), a limited company established under the laws of the PRC on 6 August 2020 and an indirect wholly-owned subsidiary of our Company
“Shanghai Harvest”	Shanghai Harvest Marketing Solution Services Co., Ltd.* (上海翰為市場營銷策劃有限公司), a limited company established under the laws of the PRC on 10 June 2009 and an indirect wholly-owned subsidiary of our Company
“Shanghai Puwei”	Shanghai Puwei Business Management Partnership (Limited Partnership)* (上海普未企業管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on 12 November 2020 and an employee shareholding platform of Plus Shanghai prior to the Reorganisation

DEFINITIONS

“Share(s)”	ordinary shares in the share capital of our Company of a par value of US\$0.0002 each
“Share Subdivision”	the subdivision of each share in the Company’s issued and unissued share capital with par value of US\$0.01 each into 50 shares of the corresponding class with par value of US\$0.0002 each on 4 April 2023, the details of which are set out in “History, Reorganisation and Corporate Structure — Share Subdivision”
“Shareholder(s)”	holder(s) of our Share(s)
“Sky Xia Holdings”	Sky Xia Holdings Limited, a company incorporated in the BVI with limited liability on 13 September 2021 and wholly-owned by Jonson Xia Holdings
“Stabilising Manager”	Jefferies Hong Kong Limited
“Summit Plus”	Summit Plus International Holding Limited, a company incorporated in the BVI on 10 March 2023 and one of our Controlling Shareholders
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Track Record Period”	the period comprising the three financial years ended 31 December 2022
“Trident Trust”	Trident Trust Company (HK) Limited, the trustee of Mr. Sun’s Family Trust and Mr. Xia’s Family Trust
“U.S.”, “US” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“WFOE”	Shanghai Channel Plus Technologies Co., Ltd.* (上海加諾普科技有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 30 November 2021 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Winning Marketing Services”	Shanghai Winning Idea Marketing Services Co., Ltd.* (上海贏迪營銷服務有限公司), a limited company established under the laws of the PRC on 5 April 2017 and an indirect wholly-owned subsidiary of our Company
“Winning Marketing Solution”	Shanghai Winning Idea Marketing Solution Co., Ltd.* (上海贏迪市場營銷服務有限公司), a limited company established under the laws of the PRC on 25 June 2004 and an indirect wholly-owned subsidiary of our Company
“Yuan’an Jiuding”	Jiaxing Zhaoxuan Yuan’an Jiuding Venture Capital Centre (Limited Partnership)* (嘉興昭宣元安九鼎創業投資中心(有限合夥)), a limited liability partnership established under the laws of the PRC on 21 November 2012 and a former shareholder of Plus Shanghai

In this prospectus, unless expressly stated or the context requires otherwise:

- *all information and data is as of the Latest Practicable Date;*
- *certain amounts and percentage figures, including but not limited to, shareholdings and operating data, may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them;*
- *the English translation of PRC laws, regulations, governmental authorities, enterprises, natural persons or other entities in Chinese included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese language and the English translation of the foregoing, the Chinese language shall prevail; and*
- *the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “core connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

GLOSSARY OF TECHNICAL TERMS

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.

“active marketer”	marketers who have accepted task(s) via our digitalised tool at least once during a given year
“Agency Scope”	biennial research on trends within the advertiser-agency relationships and the perception and image of the agencies conducted by Scopen, who offers an unique strategic vision to drive businesses within the creative economy, inspiring people and projects based on their research, rigorous analysis and the numerous correlations derived from its comprehensive database, and R3 Worldwide, a leading global independent consultancy that helps companies improve their marketing efficiency and effectiveness
“AI”	artificial intelligence
“BI”	business intelligence, which combines business analytics, data mining, data visualisation, data tools and infrastructure and best practices to help enterprises make data-driven decisions
“big data” or “data assets”	advanced analytic techniques against massive, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organisations make more-informed business and risk management decisions
“brand owners”	refer to those who own the intellectual property rights or brand labels of the merchandise, who may be a manufacturer or retailer
“consumers”	refer to end consumers of our customers’ merchandise who indirectly benefit from our digitalised tools
“data analytics”	the process of examining data sets in order to find trends and draw conclusions about the information they contain
“data tags”	non-hierarchical keywords or terms assigned to data which helps describe an item and allows it to be found or processed automatically
“distributors”	refer to those who buy merchandise from brand owners and sell the merchandise to points of sale
“employee marketers”	refer to our marketers who have employment relationships with us and are assigned to work for our customers under customised marketing solution or marketers assignment service
“FMCG”	fast-moving consumer goods, including non-durable household goods such as foods, beverages, cosmetics, tobacco, and other consumables

GLOSSARY OF TECHNICAL TERMS

“FMES” or “FMES platform”	field marketing ecology system, a digitalised system, on which all of our digitalised tools are located
“ISO”	International Organisation for Standardisation, an independent non-governmental international organisation based in Geneva, Switzerland that develops and publishes international standards required by business, government and society around the world
“ISO 9001:2015”	a standard published by ISO which specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet its requisite standards and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and assurance of conformity to customer and applicable requisite requirements
“ISO/IEC 27001:2013”	a standard published by ISO that specifies requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system within the context of the organisation’s overall business risks and specifies requirements for the implementation of security controls customised to the needs of individual organisations or parts thereof
“IT”	information technology
“marketers”	mainly refer to persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons, frontline staff, etc.; in the context of our business operations, we categorise our marketers into employee marketers and third-party marketers
“market-leading companies”	companies and/or their subsidiaries that have been Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence
“points of sale” or “offline retail stores”	refer to the places where retail transaction takes place, such as supermarkets, grocery stores, convenience shops, department stores, outdoor promotional campaigns and other retailers
“R&D”	research and development
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“sales drive” or “drive the sales”	promoting sales of a particular merchandise at the points of sale by special effort, such as a series of sales and marketing events or activities
“SMEs”	small and medium-sized enterprises

GLOSSARY OF TECHNICAL TERMS

- “third-party marketers” refer to marketers who do not have any employment or contractual relationship with us and are supplied to us by labour service suppliers; they are assigned by us to work for our customers under customised marketing solution or tasks and marketers matching service
- “users” refer to users (which can be the employees, service providers or agencies of brand owners, distributors or points of sale or marketers) who have registered with us for the use of our digitalised tools

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “can”, “could”, “expect”, “going forward”, “intend”, “may”, “might”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statement. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business and growth strategies and ability to implement such strategies;
- our capital expenditure plans;
- capital market developments;
- our operation and business prospects;
- our business development, financial condition and results of operation;
- availability of bank loans and other forms of financing;
- our ability to develop and manage our operations and business;
- our dividend policy;
- our ability to identify and satisfy our customers’ demands and preferences;
- the actions of and developments of our competitors;
- our ability to maintain good relationships with business partners;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- the amount and nature of, and potential for, future development of our business;
- future developments, trends and conditions in the industries and markets in which we operate;
- changes to the regulatory environment, policies, operating conditions and general outlook in the industries and markets in which we operate;
- general economic, political and business conditions in the PRC; and

FORWARD-LOOKING STATEMENTS

- certain statements included in the sections headed “Risk Factors”, “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds” in this prospectus with respect to operations, margins, overall market trends, risk management and exchange rates.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialise or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those estimated, anticipated or projected, as well as from historical results.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or any of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

RISK FACTORS

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 at 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”.

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterised as: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; 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 the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

We operate in a relatively competitive market and may not be able to compete successfully against our existing and future competitors. In addition, we obtain some of our revenue through competitive tender or quotation process. There is no assurance that we will succeed in the tender or quotation process.

According to the Frost & Sullivan Report, China’s retail sales and marketing services market is relatively competitive. By the end of 2021, the Company, with revenue of approximately RMB416.3 million in 2021, accounted for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021. We face competition in various aspects of our business, including tendering and quotations process, research and development capabilities, customer services and retention, talents, brand awareness, commercial relationships and financial, technical, marketing and other resources.

We are subject to various threats and challenges. Our Directors are of the view that the sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds, such as online sales and marketing service providers who are starting to engage in offline business. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners’ operations, leading to a reduction in their marketing spending, which in turn result in increasingly fierce competition for limited customer resources.

RISK FACTORS

There is no guarantee that in the future, we will succeed in the tender or quotation process. If we receive a poor performance review in respect of our previous services, it may lead to a poor evaluation and this may affect our success rate for future tenders and quotations. There is no assurance that our overall score under the evaluation system of our customers will not reduce. Therefore, we may not be granted tender or quotation and our reputation, business operations and financial results may be adversely impacted.

Our competitors may be able to develop products better received by brand owners, distributors, points of sale and/or marketers or may be able to respond more quickly and effectively to new business opportunities and changing technologies, regulations and customers' needs. In addition, some of our competitors may quickly expand their existing customer base and adopt more aggressive pricing policies and offer more attractive pricing terms. This could cause us to lose potential customers or compel us to sell our 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 more competition if any of our competitors enter into business partnerships or alliances or raise significant 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 lower their price in order to increase their market share. If we are unable to compete successfully against our current or potential competitors, our business, financial condition, and results of operations may be materially and adversely impacted.

Any discontinuation, reduction or delay of government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

For each year of the Track Record Period, we received government grants of RMB3.7 million, RMB22.8 million and RMB26.1 million, respectively. Government grants during the Track Record Period mainly represented (i) the financial support received from the Bureau of Finance of the relevant administrative areas, including Jiading District Bureau of Finance, a local authority in the PRC, to incentivise the development of our Group; and (ii) job-subsidy programme from local authorities in the PRC according to the respective local government policies (such as Job Stability Returns (穩崗返還) and Job Stability Subsidies (穩崗補貼)), the applications of which were subject to certain conditions (such as there should be no employee complaint, no report on arrears of salaries and a relatively low dismissal rate). As confirmed by the government-related entities making the application of financial support on behalf of the Company (namely Shanghai Hujia Economic Development Center (上海滬嘉經濟發展中心) and Shanghai Waigang Industrial Park Management Service Co., Ltd. (上海外岡工業園區管理服務有限公司)), there was no written underlying government policy for such financial support and the amount of financial support was calculated based on our Group's income tax payment and our business scale. There were no unfulfilled conditions or contingencies relating to the government grants. The timing, amounts and conditions of these government grants were within the sole discretion of the government and these government grants may be reviewed and assessed by the government periodically and may fluctuate from time to time pursuant to the changes in relevant government policies. The majority of our government grants received was non-recurring in nature.

RISK FACTORS

In addition, we enjoyed certain exemptions from making employer contributions to employee social security schemes in FY2020 due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises 《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》 and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues 《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. There is no guarantee that we will continue receiving or benefiting from them in the future. In some cases, we may be required to satisfy certain conditions or contractual obligations before receiving government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it may be possible that governmental authorities may discontinue such grants, or require us to repay part or all of the government grants we previously received.

Such government grants may be adjusted or revoked at any time in the future at the relevant government authorities' discretion. There is no assurance that we could continue to be able to meet the requirements to be entitled to such government grants. There can further be no assurance that the government grants that we currently enjoy will not be challenged, altered or discontinued. Any alteration, suspension or termination of our government grants could have a material adverse effect on our business, financial condition, results of operations, cash flows, profitability and prospects.

The offline retail market and retail sales and marketing services market in China is subject to various uncertainties. In particular, the emergence of e-commerce and online marketing may adversely affect the demand for our on-site sales and marketing services, as well as the overall offline retail sales and marketing services market in China.

Being a service provider which primarily offers on-site sales and marketing services, our operations are subject to the impact of the China's offline retail market and we face competition from the offline retail sales and marketing services market in China. For instance, the emergence of e-commerce and online marketing may adversely affect the demand for our on-site sales and marketing services as well as the overall offline retail sales and marketing services market in China, the retail sales and marketing services market is subject to fierce market competition and occasional decline in marketing spending. Cyclical volatility in China's retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, which in turn could lead to a reduction in their marketing spending. These brand owners tend to have less marketing budget available and might become more cautious in allocating resources to offline marketing campaigns. As a result, we may face increasingly fierce competition for limited customer resources.

China's retail market can be further categorised into online and offline channels. The online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a CAGR of 3.3% during the same years. Moreover, considering challenges faced by brand owners in offline retail market, such as fragmented distribution network, information asymmetry in the retail value chain and deferred information flow, brand owners are motivated to implement their sales and marketing activities through online channels. Accordingly, considering our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels.

RISK FACTORS

In addition, our Directors consider that since sales and marketing may be conducted through a combination of online and offline channels, technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven. We cannot assure you that we could advance our technology capability successfully or we could provide sales and marketing services that are supported by technologies to the satisfaction of our customers. As a result, we cannot predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools.

Our growth may not be sustainable and depends on our ability to attract new customers, diversify customer base and retain or increase revenue from existing customers.

We generate revenues through providing our sales and marketing services to our customers. Even though the number of our customers has remained relatively stable during the Track Record Period, there can be no assurance that we will be able to retain our customers and/or increase our sales to existing customers. Our Directors consider that occasional decline in marketing spending by brand owners or distributors is experiencing a downturn, such as the COVID-19. Cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing spending. These brand owners tend to have fewer marketing budgets available and become more cautious in allocating resources to marketing campaigns. As a result, market players in the integrated marketing services market may face increasingly fierce competition for limited customer resources.

We may experience customers turnover and we may have customers who are SMEs which may be in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. New customers engaging us for our services may also decide not to continue or renew the engagement when the relevant contracts expire for reasons outside of our control. If we are unable to retain or increase revenue from existing customers, our operating results could be adversely impacted.

We may fail to attract new customers or diversify customer base or retain or increase revenue from existing customers as a result of a number of other factors, including: reductions in our current or potential customers' spending levels; competitive factors affecting the retail support service market, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors; our ability to execute on our growth strategy and operating plans; a decline in the number of offline commerce looking for digital transformation or customers switching from outsourcing the implementation of marketing plans to in-house in the future; a decline in our customers' level of satisfaction with our services; the difficulty and cost to switch to a competitor may be insignificant for many of our customers; changes in our relationships with third parties; the timeliness and success of new or enhanced services we may offer in the future; concerns relating to actual or perceived security breaches; the frequency and severity of any system outages; technological changes or problems; and our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximise our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

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If we fail to meet our customers' requirements of our services to suit their evolving needs, our customers may not renew our services, which, in turn, will have a material and adverse impact on our business, financial condition, results of operations and prospects.

To date, our business growth has been based on our ability to identify and anticipate the needs of our customers, in particular market-leading FMCG customers. Our ability to attract new customers, retain existing customers and increase sales to both new and existing customers will depend, to a large extent, on our ability to offer services that meet our customers' requirements. Customers' requirements may include (i) requiring an end-to-end sales and marketing management system, which has high accuracy and can get through and extract data with consistent data tags from other software and systems such as marketing management system, finance system or employee management system; (ii) obtaining a set of data, such as offline retail stores' potential market size and capability to achieve sales and macro market data, to assist its planning of business expansion and evaluation of the surrounding offline retail network and resources allocation; and (iii) comprehensively upgrading performance management system of dispersedly located points of sale and marketers and fully implementing a new salary system which is based on performance for marketers. For further details, see "Business — Our service offerings". To the extent we are not able to provide services that meet our customers' requirements, or we are not able to improve and enhance the performance, reliability, design and scalability of our services in a manner that responds to our customers' evolving needs, our existing customers may not continue to engage for or renew our services, and our business, financial condition, results of operations, and prospects will be adversely affected.

Our efforts to develop new digitalised tools or functionalities may not succeed. If so, we may not be able to provide services that are satisfactory to our customers, which, in turn, could harm our business and prospects.

The provision of our services requires support from our digitalised tools. We continuously improve, upgrade and enhance the functionality, performance, reliability, design, security and scalability of our digitalised tools. However, developing new digitalised tools and functionalities require significant investments of time and resources. Sometimes, our in-house R&D department may take months to update, code and test new or upgraded digitalised tools or functionalities. We may experience difficulties with developments in technology that could delay or prevent the development, introduction or implementation of new services. We may also experience problems with the functionality and effectiveness of our digitalised tools, to handle our business needs. In addition, since our services are provided to customers from different industries, we may need to modify or enhance our digitalised tools to better accommodate any specific needs of our certain customers. We may not be successful in developing either these modifications or enhancements in a timely manner. Further, uncertainties regarding the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development or service delivery expenses. Any failure to develop new digitalised tools or functionalities could result in our failure to provide services to the satisfaction of our customers, and our business, financial condition, results of operations, and prospects will be adversely affected.

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Our financial results of tasks and marketers matching service depend on, among others, performance of marketers which can be adversely affected by a number of factors, some of which may be beyond our control.

Under tasks and marketers matching service, if the performance of the marketers could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees. As such, our financial results depend on, among others, performance of marketers, which can be adversely affected by a number of factors and some of the factors may be beyond our control. There is no guarantee that the marketers could meet the performance indicators or in line with our and our customers' expectation. In particular, performance of marketers depends on our ability to optimise the matching recommendations on marketer against tasks, as well as to effectively control the quality of services performed by marketers and continuously incentivise marketers to achieve better sales performance. Performance of marketers might also be affected by factors which may be beyond our control, such as changes in consumer behaviour and preferences, reputation and popularity of our customers' merchandise, consumer experiences from shopping in particular offline retail stores, etc.

Our gross profit margin for tasks and marketers matching service decreased from 32.2% for FY2020 to 28.3% for FY2021, mainly due to the increase in labour service fees as a result of the increase in the number of manshift performed by third-party marketers. Our gross profit margin for tasks and marketers matching service decreased to 24.8% for FY2022 as average cost per manshift of third-party marketers for tasks and marketers matching service increased at a higher rate than average revenue from tasks and marketers matching service per manshift of third-party marketers.

If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.

The success of our business depends on our ability to provide reliable and satisfactory customer services in a timely manner. However, there is no guarantee that we can provide satisfactory services to our customers or that we can maintain or further improve our customer retention rate. In addition, there is no assurance that our current turnover rate of staff will not increase, or the training provided to new staff will be sufficient to meet our standards, or that an influx of less experienced staff will not dilute the quality of our service offerings and/or customer services. If our staff fail to provide satisfactory services to customers, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or feedback regarding our customer service may damage our reputation and in turn result in the loss of customers and market share.

Our customers may switch between our services, which may materially and adversely affect our financial performance.

For each year during the Track Record Period, customers which engaged us for more than one service types in the same year in aggregate contributed revenue of RMB238.8 million, RMB272.1 million and RMB529.3 million, representing 57.7%, 65.4% and 85.6% of our total revenue, respectively. Depending on our customers' sales and marketing strategies in response to the prevailing offline retail market situation, they may choose to engage us for more than one service types and/or switch from one service type to another service type.

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During the Track Record Period, certain of our customers switched from one type of service to another. For example, since 2022, three of our top five customers for the Track Record Period switched from marketers assignment service to customised marketing solution for a broader range of customised sales and marketing services as a result of their changes in sales and marketing strategies in response to the prevailing changes in their industry. Due to the difference in accounting treatments of customised marketing solution and marketers assignment service, such switch had an impact on our financial performance, being increase in both overall revenue and cost of sales and as a result, a decrease in overall gross profit margin with the gross profit contributed from these three customers unaffected.

Even though we consider our service types are complementary with each other and each offers a different range of services and targets a different range of offline retail operation, there may be overlapping coverage among our different service types. As such, the switching of services by our customers may cause our revenue to fluctuate and have adverse effect on the overall performance and our profitability.

If our digitalised tools contain serious errors or defects, our customers may lose confidence in our services. In addition, systems disruptions, distributed denial of service attacks, or other hacking and phishing attacks on our digitalised tools, IT infrastructures or network systems may delay or interrupt services to our customers. We may incur significant costs defending or settling claims with our customers as a result of such serious errors or defects or disruptions.

Our digitalised tools, IT infrastructures and network systems may be subject to system disruptions, computer virus and distributed denial of service (DDoS) attacks, a technique used by hackers to take an Internet service offline by overloading its servers and we cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defence procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. Additionally, our IT infrastructure and network systems may also be breached if any vulnerabilities therein are exploited by unauthorised third parties. Our digitalised tools, IT infrastructures and network systems are also vulnerable to damage or interruption from power outages, computer and telecommunications failures, security breaches and errors in usage by our staff. As at the Latest Practicable Date, there was no insurance policy to protect our digitalised tools, IT infrastructures and network systems.

Given our digitalised tools support our provision of services, any error, defect, security vulnerability, service interruption, software issue, system disruption, DDoS against our digitalised tools, IT infrastructures or network systems may require significant additional capital and management resources to resolve, causing material burden to our business. In addition, the said issues could result in losses to our customers. Our customers may lose confidence in the security of our services. They may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences, which could damage our reputation and result in a loss of future sales. Even if unsuccessful, a claim brought against us by any of our customers 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 promote our services and adversely affect our business, results of operations and financial condition.

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We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.

A significant portion of our revenue was derived from a limited number of major customers during the Track Record Period. For each year during the Track Record Period, the revenue derived from our top five customers contributed to RMB269.2 million, RMB250.4 million and RMB438.7 million, representing 65.2%, 60.2% and 71.0% of our total revenue, respectively, and revenue derived from our largest customer contributed to RMB71.2 million, RMB81.2 million and RMB166.8 million, representing 17.2%, 19.5% and 27.0% of our total revenue, respectively. Furthermore, for each year of the Track Record Period, our Group's top 10 customers which engaged in the FMCG industry contributed approximately 53.5%, 60.4% and 76.3% respectively of our Group's total revenue. These major customers may continue to account for similar or even higher proportion of our revenue in the future. As such, we face risks associated with having customer concentration in the future.

During the Track Record Period, we generally enter into framework agreements or fixed-term agreements with our customers. Our customised marketing solution and marketers assignment service projects awarded to us were typically on an as-needed basis. As such, our major customers are not obliged to continue to engage us in subsequent projects on terms favourable to us and/or at a level comparable to the past or at all.

There is no guarantee that we will be able to maintain our current business relationship with our major customers in the future. There is also no assurance that we will be able to diversify the composition of our customer base or to secure new business projects from new customers. Should there be any deterioration or discontinuation of business relationship with our major customers, our financial performance would be materially and adversely affected.

Any interruptions to or delays in services from third parties, such as labour service providers, event consumables suppliers and IT service providers, may impair the delivery of our services, and adversely affect our business and results of operations.

We rely on third-party service providers, such as labour service providers, event consumables suppliers and IT service providers, in our provision of sales and marketing services. Our failure to obtain the necessary services from our suppliers in a timely manner could substantially limit our ability to provide our services to our customers. We have minimal control over the services provided by and operations of our suppliers. If our suppliers fail to provide relevant services to meet our current needs in an efficient and cost-effective manner or fail to adequately expand their services to meet our needs in the future, our ability to provide services to our customers may be limited.

In addition, we depend on our suppliers of cloud data service providers to maintain data assets. Any damage to, or a failure of, cloud service providers generally, including systems of our third-party platform providers, could result in interruptions to our services. Interruptions to our services may cause us to issue credits or compensate our customers, or cause our customers to make warranty or other claims against us. Any of this would create a material and adverse effect on our attrition rates and our ability to attract new customers, all of which would reduce our revenue. Any security breach or other technological problem faced by our third-party cloud providers may thus disrupt our services and/or compromise the sensitive information we maintain, which could have a material adverse effect on our business and reputation and could result in legal claims and liabilities, which would have a negative impact on our results of operations and financial condition. Our business and reputation may also be harmed if our customers, or potential customers believe that our services are unreliable.

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We engage suppliers to provide labour services in relation to third-party marketers, who attend to on-site implementation of our services and thus, are important to our operations. However, we have limited control over such third-party marketers. We may also be subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings seeking to compensate third-party marketers.

We engage third-party marketers for on-site implementation of our services, mainly customised marketing solution and tasks and marketers matching service. Occasionally, when our management considers there to be a need to fill temporary shortages of marketers, we may engage third-party marketers under marketers assignment service as temporary substitutes in place of our employee marketers during their temporary and short-term absence. We do not have any employment or contractual relationship with third-party marketers. Instead, we enter into service agreements with labour service suppliers, who engage marketers as employees or contractors. We do not directly pay third-party marketers. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Since third-party marketers do not have any employment relationship with us, they can choose whether or not to accept tasks published on our platform. Even though third-party marketers are required to abide by service standards as stated in the tasks once they have accepted the same, we cannot assure you that third-party marketers will deliver services up to our customers' standards as we have limited control over such third-party marketers. Any failure in performance by such third-party marketers in accordance with our instructions, policies and guidelines could materially and adversely affect customer satisfaction and our reputation.

According to our agreements with labour service suppliers, we have required our labour service suppliers to pay social insurance and housing provident funds for third-party marketers who have employment relationship with them, and have required our labour service suppliers to settle service fees and declare relevant tax for third-party marketers who have non-employment contractual relationship with them. We are not liable to the third-party marketers if labour service suppliers fail to fulfil their contractual duties to third-party marketers. However, third-party marketers may still file claims against us for labour service suppliers' violation of any laws and regulations or labour service suppliers' employment agreements with the third-party marketers as they provide their services on our platform. We may be subject to claims, lawsuits, arbitration proceedings, administrative actions and other legal and regulatory proceedings seeking to compensate third-party marketers for labour service suppliers' violation of any laws and regulations or labour service suppliers' employment agreements with the third-party marketers. We may be held liable for personal injuries and property damages caused by such third-party marketers to third parties, or injuries to such third-party marketers. Also, such legal and regulatory proceedings could cause us to incur significant additional expenses due to the potential application of labour and employment laws to compensate third-party marketers, including employee benefits, social insurance and housing provident fund contributions, as well as the application of relevant taxes and administrative fines. We may incur significant additional expenses and legal liabilities, and our reputation, business, financial condition and results of operations could be materially and adversely affected. In addition, laws and regulations that govern such third-party marketers are subject to changes and divergent interpretations by authorities, and we face uncertainties. Any such changes and divergent interpretations could cause us to change our pricing methodologies and business model, and our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Our business generates and processes a large amount of data and we are required to comply with constantly evolving PRC laws relating to information security and privacy protection. The improper use or disclosure of data or alleged incidents of such could have a material and adverse effect on our business and prospects.

Our business involves generation and processing of a large quantity of data. We face risks inherent in handling and protecting large volume of data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behaviour or improper use by our employees or users;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data.

The PRC regulatory and enforcement regime with regard to information security and privacy protection is evolving. To comply with the rapidly evolving laws and regulations in our industry, we have set up internal procedures. With the assistance of our external annual retainer counsel, our compliance team, who is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group's operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We may be required by PRC governmental authorities to share personal information and data that we collect to comply with PRC laws relating to information security and privacy protection. All these laws and regulations may result in additional expenses to us and subject us to negative publicity which could harm our reputation and negatively affect our trading price. There are also uncertainties with respect to how these laws will be implemented in practice. PRC regulators have been increasingly focused on regulation in the areas of information security and privacy protection. See "Regulatory Overview — Laws and regulations relating to information security and privacy protection". We expect that these areas will receive greater attention and focus from regulators, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with information security and privacy protection. Although we collect personal information and data only with users' prior consent and have adopted measures to protect the data security and minimise the risk of data loss, we cannot assure you that the measures we have taken are always sufficient and effective. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licences, and our reputation and results of operations could be materially and adversely affected.

Failure to protect sensitive personal information of our customers and users against security breaches may damage our reputation and brand and substantially harm our business and results of operations.

A key focus to our business is the secure storage of sensitive personal information and its secure transmission over public networks. During our operations, we collect user data directly or indirectly via third party sources. We only collect and use real-name data and mobile phone numbers from our users when necessary, such as when they register with us and sign digital contracts. We collect such necessary user information strictly following government regulations and user privacy policies.

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Maintaining complete security for the storage and transmission of sensitive personal information on our digitalised tools is essential to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards. We have adopted security policies and measures to protect user data and sensitive personal information. However, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold. Such individuals or entities obtaining such confidential or private information may further engage in various other illegal activities using such information. Users of our digitalised tools may also violate their confidentiality obligations and disclose or use information about our customers illegally. Any compromise of our information security or the information security measures by users of our digitalised tools may have a material and adverse effect on our reputation of brand, business, prospects, financial condition and results of operations. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny.

We store user data and are subject to PRC laws and regulations regarding privacy and the protection of data. For the details, see “— We store personal information belonging to our customers and other users of our digitalised tools and engage cloud service providers for storage of such information. If our security is compromised, or such information is otherwise accessed without authorisation, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.” and “Regulatory Overview — Laws and Regulations relating to Foreign Investment in the PRC”.

We store personal information belonging to our customers and other users of our digitalised tools and engage cloud service providers for storage of such information. If our security is compromised, or such information is otherwise accessed without authorisation, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

We store personally identifiable information and other confidential information relating to our customers and other users of our services and are subject to PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. For further information, see “Regulatory Overview — Laws and regulations relating to information security and privacy protection — Information security”. Although our digitalised tools are equipped with verification and inspection tools for detecting errors, defects or inappropriate contents in information or document uploaded by our customers and other users, we cannot guarantee that all substance and contents contained in information or document uploaded by our customers and other users are appropriate and will not infringe any laws or regulations relating to information security and privacy protection. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorised access to any personally identifiable information relating to our customers and other users. Such information may also be otherwise exposed through human error (including our staff who may be involved in the manipulation of data) or other malfeasance. Any unauthorised access or compromise of such personally identifiable information could have an adverse effect on our business, financial condition and results of operations.

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We may undertake loss-making projects in the future.

The profitability of our projects also depends on the accurate estimation of labour service fees and event consumables. The amount of total costs we incur on a project is influenced by a variety of factors, including variations in labour and changes in project scope or conditions, as well as fluctuations in the price of event consumables, many of which are beyond our control. During the Track Record Period, we undertook one loss-making customised marketing solution project and one loss-making tasks and marketers matching service project. As a result, exposure to unexpected risks in execution of our projects could materially and adversely affect our business, financial condition and results of operations. In respect to the loss-making customised marketing solution project, we recognised revenue of RMB2.7 million and gross loss of RMB1.6 million for FY2020. While, in respect to the loss-making tasks and marketers matching service project, we recognised revenue and gross loss of RMB8,600 and RMB280 for FY2020, respectively. For further details, see “Business — Our service offerings — Customised marketing solution — Fee model” and “Business — Our service offerings — Tasks and marketers matching service — Fee model”.

Negative publicity may have an adverse impact on our reputation and business.

Our services may be publicly known or reported in social media. If any customer who is not satisfied with our works raises any complaint or anyone from the public publishes an opinion on our works on social media, whether justified or not, and such complaint or opinion comes to the attention of the public, our reputation and business may be adversely affected, which will in turn adversely affect our growth prospects and financial condition. Negative publicity or market perception associated with our Group may result in the loss of customers and potential future referrals or lead to difficulty in securing new projects based on our Group’s reputation and goodwill.

Our services, digitalised tools and brand name are integral to our success. If we fail to effectively maintain, promote and enhance the popularity of our services, digitalised tools and reputation of our product name, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing services, digitalised tools and brand name is critical to expanding our business. Maintaining and enhancing our services, digitalised tools 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.

Errors, defects, disruptions or other performance issues with our digitalised tools may affect the quality of our services and thus, harm our reputation and brand. Additionally, if our customers have a negative experience using our services/our products or the users have a negative experience using our digitalised tools, such an encounter may affect our brand and reputation within the industry. Our digitalised tools enables third parties, such as distributors, points of sale and marketers, to offer their services to our customers, such as brand owners, who engage them directly. Our reputation may be harmed if any of the services provided by these third parties do not meet our customers’ expectations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. During the Track Record Period, we primarily market our services through our direct sales force and a number of free traffic sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. Our efforts to market our brand have involved significant costs and expenses, which we believe

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will increase going forward. We cannot assure you, however, that our marketing spendings will expand our customer base or increase our revenue, and, even if so, such increases in profit may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

Our business is subject to seasonal fluctuations and unexpected interruptions.

We experienced seasonality in our business during the Track Record Period. Historically, we experienced relatively higher revenue in the fourth quarter of a calendar year than the other quarters of a calendar year, mainly because there is a higher concentration of festive seasons and other marketing campaigns and other activities, which tend to attract more users and stimulate sales, in the fourth quarter of a calendar year. Accordingly, any comparison of our results of operations between interim and annual results in a financial year may not be necessarily meaningful. As a result, our interim or quarterly results should not be referred to as an indicator of our performance for that financial year.

If we are unable to attract and/or retain our qualified technical personnel, our business operation, financial condition and growth prospects may be adversely affected.

We believe that our continued success and growth depends, to a large extent, on our ability to attract and retain the services of our qualified personnel, who possess the technical knowledge and are familiar with the industries that our services serve.

If we lose the services of any of our qualified personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel on a timely basis, which could severely disrupt our business and growth. As we expect to expand our operations internationally, we will need to attract and retain experienced management members with experience in international operations. We will also need to recruit and retain experienced local management team to manage our operations in other countries or regions. Competition for personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. We may need to increase our total compensation costs to attract and retain experienced personnel and key technical personnel required to achieve our business objectives and failure to do so may also adversely affect our business operations, financial condition and growth prospects. Despite we may enter into confidentiality and/or non-competition agreements with our staff and we may be entitled to terminate the employment agreement, we may still lose business to our competitors if any member of our management team were to join them after terminating employment with us. Although employees shall enter into the confidentiality agreement with us which entitle us to terminate the employment agreement when employees breach their confidential duty, we also cannot assure you that our departed technical personnel will not disclose our patented technologies to our competitors. Failure to attract or retain key personnel may materially and adversely affect our business, results of operation and financial condition.

Due to our limited history of providing sales and marketing services with the support of digitalised tools, our ability to accurately forecast our future operating results and prospects is limited and subject to a number of uncertainties.

We started to launched our first digitalised tool in 2013 and then launched SaaS+ subscription in 2020, respectively. While our profit from SaaS+ subscription has grown during the Track Record Period, as a result of our limited history of providing sales and marketing services with the support of digitalised tools, our ability to accurately 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. We face various challenges and uncertainties, including the fact that we operate in new and developing markets and elements of our business strategy are new and subject to ongoing development. As a result, it may not be possible to fully discern the challenges in commercialisation that we and our business are subject to.

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We cannot assure you that we will be able to achieve similar results or grow at the same rate as we had in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as an early stage company operating in emerging and dynamic industries, including, among other things, our ability to attract and retain customers, our ability to create value for different stakeholders engaged in our business and operations and increase monetisation, our ability to navigate an evolving regulatory environment, our ability to develop attractive and popular digitalised tools and offer satisfactory services, build up our reputation and promote our brand, and our ability to anticipate and adapt to changing market conditions. We may not be able to successfully address these risks and difficulties, which could significantly harm our business, results of operations and financial condition.

Our services depend on the data assets and user base accumulated on and traffic generated by our digitalised tools, and our business may be adversely affected if our digitalised tools becomes less attractive.

Our services depend on the data assets and user base accumulated on our digitalised tools. Our data assets primarily include data provided by our customers and users, the “Offline Retail Stores Digital Evaluation and Sales Performance Index” Feature Library (「終端數字化評估與賣力指數」特徵庫) that we jointly developed with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC (further details of which are set out in “Business — Our Research and development” in this prospectus). If we lose access to such data assets or user base, our ability to offer services and attract new customers would be materially and adversely affected, which would in turn affect our results of operations and financial conditions.

In the event that our digitalised tools becomes less attractive to brand owners, distributors, points of sale or marketers, the user base may decrease significantly, and the reach, coverage of retail network and popularity of our services may be affected. As a result, our Directors are of the view that we may face challenges as a result of fierce market competition. The sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection in terms of efficiency, accuracy, and reflection speed covering different offline retail operation, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions, so that they are able to provide more comprehensive services to gain higher market recognition and expand businesses. Consequently, our business and results of operations may be materially and adversely affected. Additionally, any negative development with respect to the market position, financial condition, maintenance of our platform infrastructure or compliance with legal or regulatory requirements in China, will likely have an adverse impact on the quality and effectiveness of our services, as well as our reputation and brand.

Our historical performance may not be indicative of our future results, and we may not be able to effectively manage our growth as a result of the increased complexity and evolving nature of our business.

We experienced continuous growth in our adjusted net profit (non-HKFRS measure) for the year during the Track Record Period, which amounted to RMB53.9 million, RMB67.4 million and RMB70.6 million, respectively. Although we strive to grow our business, we cannot assure you that our adjusted net profit (non-HKFRS measure) will be able to grow at the same rate as in the past. As market competition intensifies and our industry matures, our customer base and customer engagement may not grow as we expected. In addition, labour costs have gradually increased in the PRC in the recent years. As labour costs are affected by many factors such as demand and supply of labour and inflation, we cannot guarantee that we can retain and attract sufficient qualified employees on commercially reasonable terms, or at all. We

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may need to increase our wage for the purpose of retaining our existing workers or recruit new workers, which would inevitably increase our operating costs. If we may not be able to pass on all or part of the increase in our labour costs to our customers, our business, financial condition and results of operations may be materially and adversely affected.

Many aspects of our business are unique and evolving. We operate in a relatively new and rapidly developing and evolving industry and is subject to significant challenges, including increasing government regulation over the Internet industry and changes in customer preferences. As such, we may not be able to predict future market trends and adjust our business accordingly. Our growth prospects should be considered in light of the risks and uncertainties that a company operating in a rapidly evolving industry may encounter, including but not limited to, changes in market conditions, increased competition within our industry, our ability to maintain business relationships with existing clients and attract new clients, retention of key personnel, and other unforeseen factors. Prospective investors should be aware of the inherent risks in using our historical financial information as any indication of our future financial or operating performance.

The amount of revenue that we are able to derive from a project may be higher or lower than the original contract value.

The amount of revenue that we are able to derive from contracts/confirmed purchase orders, that is, the final settlement value of such contracts/confirmed purchase orders, may be different from its original amount as the final payment received by us from our customers are subject to the actual quantities of services completed by us and calculated based on the pre-agreed unit price for each service item specified in the contracts/confirmed purchase orders and the contract/confirmed purchase order amounts may include floating service fees which are calculated based on the level of achievement of performance indicators stipulated in the contracts. As such, there is no assurance that the amount of revenue expected to be derived from our contracts/confirmed purchase orders in progress and on hand will not be substantially different from the original contract/confirmed purchase order amounts as stipulated in the respective contracts/confirmed purchase orders.

We are subject to credit and liquidity risks in collecting the trade receivables due from the customers and the recoverability of our contract assets may also affect our results of operation, liquidity and financial position.

As at 31 December 2020, 2021 and 2022, we recorded trade receivables of RMB323.4 million, RMB393.0 million and RMB344.9 million, respectively and we had contract assets of RMB215.7 million, RMB183.3 million and RMB190.6 million, respectively. Our trade receivables and contract assets turnover days was 134 days, 139 days and 153 days for FY2020, FY2021 and FY2022, respectively. Fluctuations in our trade receivables and contract assets turnover days for the Track Record Period mainly related to (i) our policy and amount of trade receivables factoring facilities, and (ii) credit terms granted to our different customers, depending on number of factors. We recorded impairment loss on trade receivables and contract assets recognised in profit or loss of RMB483,000 and RMB518,000 for FY2021 and FY2022, respectively and recorded reversal of impairment losses on trade receivables and contract assets of RMB298,000 for FY2020.

Generally, we granted a credit term of 30 to 180 days to our customers. Our Directors may determine and allow a longer credit period, after taking into account of our past business relationships with our major customers and their past settlement history. We may also grant our market-leading customers with a more generous credit period. For instance, we have extended credit terms of certain of our major customers during the Track Record Period. Our Directors consider that a long credit period inevitably increases the potential credit risk of our Group.

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Our management closely monitors the amounts and turnover days for our trade receivables and contract assets to minimise and control credit risk. Our management also reviews the outstanding balance with our customers at regular intervals to ascertain the collectability of our trade receivables and where necessary, our business team may chase overdue balances from customers and the collection status would be required to be reported to our management on a weekly basis. Furthermore, we have adopted credit control procedures, which requires our finance team to (i) regularly provides information to senior management and business team regarding updates on trade receivables, such as ageing condition; and (ii) communicate with our customers from time to time to keep track of their business performance and financial conditions so that our finance team can be informed of any anomaly in time. Our senior management will also closely monitor the settlement status of our trade receivables. These internal credit control procedures have been adopted to minimise our credit risk. We believe our long trade receivable turnover days do not have a material adverse impact on our liquidity and cash management. However, there is no assurance that all such amounts due to our Group will be settled on time or at all. If our trade receivables turnover days were to increase further, or if our customers, fail to timely settle their accounts with us in full, require us to extend credit to them beyond the credit term we granted to them, or otherwise default on their payments, our cash flow and financial condition may be materially adversely affected. We also would need to make provisions for doubtful debts or incur additional bad debt write-offs, which may adversely affect our financial performance. Disputes that arise due to default in payment by customers may also be time consuming and costly for us in the event we decide to claim for such payments and thus, affect our liquidity, business, financial condition and results of operations. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Accordingly, delay or default in payments from our customers may pose difficulties for us to manage our working capital and/or adversely impact our liquidity. Our customers' settlement day will generally be affected by their internal policies. Our efforts in strengthening our trade receivable collection and management may be in vain, and we cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, if at all, or that our customers will settle the amounts in a timely manner. We might have to raise funds by resorting to internal resources and/or additional banking facilities (including trade receivables factoring receivables) in order to meet our payment obligations in full and on time, and our cash flows and results of financial position may be materially and adversely affected. Our Group's performance, liquidity and profitability will be adversely affected if significant amounts due to our Group experience prolonged delay and are not settled on time or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business.

Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and potentially have a material and adverse effect on our financial performance.

Our Company has adopted the RSU Scheme on 13 January 2022 to grant share awards to provide incentives or rewards to eligible participants for their contributions to our Group. For details, see "History, Reorganisation and Corporate Structure — RSU Scheme". The adoption of the RSU Scheme may result us to incur share-based compensation expenses in the future. To further incentivise our employees to contribute to us, we may grant additional share-based compensation in the future. As a result, issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders and expenses incurred with respect to such share-based compensation may also have a material and adverse effect on our financial performance.

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We may incur impairment losses on deposits, other receivables and prepayments.

We recorded deposits, other receivables and prepayments of RMB15.6 million, RMB14.9 million and RMB19.8 million as at 31 December 2020, 2021 and 2022, respectively. Our deposits, other receivables and prepayments comprised (i) value-added tax receivables from customers; (ii) deposits from third parties; (iii) other receivables from staff; (iv) prepayments for Listing expenses; and (v) prepayments to suppliers. We have made an allowance for impairment loss of prepayments, other receivables and other assets amounted to RMB126,000, RMB106,000 and RMB141,000 as at 31 December 2020, 2021 and 2022, respectively. However, as the extent, the economic conditions and magnitude and duration of COVID-19 are still uncertain, we may need to change our assumption for measurement of expected credit loss, which could result in future impairment losses for deposits, other receivables and prepayments. The possible impairment losses on deposits, other receivables and prepayments may have a material and adverse effect on our financial condition and results of operations.

The timing of our payment to suppliers may not match our receipt from customers.

To remain competitive in the market, we need to retain a high level of working capital to guarantee smooth business operation and support the growth in demand. The credit period offered by us to our customers with a larger scale and/or long-term relationship is generally longer than the credit period offered to us by our suppliers. During the Track Record Period, we typically granted our customers a credit term of 30 to 180 days, whereas the credit terms offered by our suppliers to us were within 90 days, except for certain suppliers required us to make prepayment. With our revenue continuously growing, the mismatch between trade receivables turnover days and trade payables turnover days may put us at liquidity risk. Further, any default or delay in payment by our customers or our failure to collect trade receivables from them may broaden our cashflow mismatch, which may result in cash flow shortcomings in the future and adversely affect our cash position and results of operations.

We may fail to optimise the fees for our services, and any adverse trend in our fee model may impact our results of operations and financial condition.

We charge our clients on a combination of fee models, depending on the type of services they require. For details, see “Business — Our service offerings”. We may fail to optimise our fees, which is predominantly determined by the competitive landscape and market conditions. As competitors introduce new services that compete with ours or reduce their fees, we may be unable to attract new clients or retain existing clients based on our historical fee models.

Market-leading customers, which are a primary focus of our business, may demand substantial price concessions leveraging their significant bargaining power. In addition, if the mix of services offered changes, we may need to, or choose to, revise our fee models. In the future, we may fail to increase our fee levels, or may even be required or choose to reduce our fees or change our fee model, which could materially and adversely affect our results of operations and financial condition.

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

As at the Latest Practicable Date, we had data assets of over 4 million of points of sale and over 453,000 marketers who have registered for the use of our digitalised tool. While we are generally able to maintain adequate data transmission capacity to handle such traffic and process data transmission in a timely manner, we cannot assure you that we are 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 our customers’

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demand for our services. In the future, we may have to allocate resources and incur a substantial amount of expenses to build, purchase or lease additional data centres and equipment and upgrade our technology and network infrastructure in order to handle the increased traffic.

Additionally, our ability to deliver our 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.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete and licence agreements with our employees (including our Group staff and personnel assigned by us), and third parties with whom we have business relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights, and other intellectual property rights to protect our brand. However, events beyond our control may pose a threat to our intellectual property rights, as well as to our services and business. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. While we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. As a result, our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our confidentiality agreements with employees and third parties. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorised use or unauthorised disclosure of our trade secrets and other intellectual property, including to our competitors. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business.

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 practice. Our products 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 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.

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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 favourable 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.

If we fail to obtain or maintain all required licences, permits and approvals or if we are required to take actions that are time-consuming or costly, our business operations may be materially and adversely affected.

Our failure to obtain and maintain requisite approvals, licences or permits applicable to our business or any changes in government policies or regulations may have a material and adverse impact on our business, financial condition and operation results. Our business and operations have been subject to extensive regulations. The Ministry of Human Resource and Social Security of the PRC, along with other regulatory authorities such as the Ministry of Commerce of the PRC, or the MOFCOM and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), have promulgated laws and regulations that cover many aspects of our industry including entry into such industry, scope of permitted business activities, licences and permits for various business activities and foreign investments into such industry.

We are required to obtain and maintain applicable licences, permits and approvals from different regulatory authorities in order to conduct our existing or future business in connection with our provision of the services. The government authorities may continue to pass new rules or have new interpretation and understanding to the existing laws and regulations regulating our industry and we have been continually expanding into new business operations. They may require us to obtain additional licences, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. We cannot assure you that if we are required to obtain these additional licences, permits or approvals, we will be able to do so in a timely manner, if at all, and any non-compliance may result in fines or other penalties being imposed to us. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licences may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licences or outside their authorised scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, financial condition and results of operation may be materially and adversely affected.

We have a limited number of key suppliers.

During the Track Record Period, our major suppliers were labour service providers, event consumables suppliers and data service and related IT service providers. For each year during the Track Record Period, purchases from our five largest suppliers accounted for 60.6%, 58.1% and 48.3%, respectively, of our total purchases. For each year during the Track Record Period, purchases from our largest supplier accounted for 36.8%, 18.6% and 17.2%, respectively, of our total purchases.

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If any one of our cloud service providers terminates business with us, we may have to work with alternative cloud providers to provide similar cloud services and therefore our customers' experiences may be compromised. In addition, we expect to continue to engage limited number of cloud service providers in connection with our business operations. Any significant disruptions in services, the inability of our major suppliers to meet their obligations or the unavailability of alternative suppliers could hinder our business and marketing plans, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

Potential defects related to certain of our leased properties may adversely affect our ability to use these properties and/or we may be subject to administrative penalties.

As at the Latest Practicable Date, four of our leased properties (including three in Shanghai and one in Chengdu) had title defects, which were due to lessors' failure to prove the fulfilment or completion of legal procedures relating to allocated land in the PRC. We had been actively communicating with the lessors, requiring valid authorisation for leasing. In addition, the current usage of three (all in Shanghai) out of these four leased properties, one leased property in Guangzhou and one leased property in Beijing were inconsistent with the respective permitted usage stated in the building ownership certification. Currently, these leased properties were used as offices, while the permitted usage under the building ownership certification was warehouse or hostel.

With respect to the four leased properties with title defects, as advised by our PRC Legal Adviser, in situations where a lessor fails to complete legal procedures relating to allocated land in the PRC, the relevant lease agreement may not be valid or enforceable and as a result, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate our offices. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. With respect to leased properties which usage were inconsistent with the respective permitted usage, as advised by our PRC Legal Adviser, we might be ordered to rectify the inconsistency within a prescribed period, failing which we may be required to vacate from such properties and relocate our office. However, we may not be able to relocate to other premises on commercially reasonable terms, or at all. In addition, any relocation would incur additional costs or interrupt our business and operations.

Pursuant to the applicable PRC laws and regulations, lease agreements must be registered with local branch of Ministry of Housing and Urban-Rural Development of the PRC within 30 days after the execution of such lease. As at the Latest Practicable Date, leases of 21 of the 22 properties had not been registered with the relevant competent authorities, primarily due to the difficulty of gaining cooperation from the landlords. Registration of lease agreements requires the landlords' cooperation, including submitting their identity documentations and building title certificates to the relevant authorities. As advised by our PRC Legal Adviser, the failure to register the lease agreements for our leased properties for actual use will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe, and the estimated total maximum penalty for those leased properties would be RMB210,000 if we fail to complete the registration within the prescribed timeframe. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described above.

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There is no assurance that our landlords will honour their obligations to continue leasing these properties to us. In the event of an early termination of the lease agreements that we have entered into for any reason or any dispute or claim, we would be required to find alternative locations for our office premises, which could be expensive and disruptive to our operations. Moreover, there is no assurance that we would be able to secure alternative locations or negotiate lease agreements on commercially reasonable terms in a timely manner, or at all. If we were required to enter into new lease agreements with less favourable terms, our business, financial condition and future growth potential may be materially and 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 organisational 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 Controls”. 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 the overall compliance of our risk management and internal control system. However, our internal control procedures may be unable to identify all non-compliance 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 always be effective.

The effective implementation of our risk management and internal controls by our employees is critical to our operations. 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 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.

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.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Further, insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As at the Latest Practicable Date, we had not taken out 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 insurances on commercially reasonable terms render these insurances, 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.

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Our ability to continue to enhance our services is dependent on adequate R&D resources. If we are not able to adequately fund our research and development efforts, we may not be able to compete effectively and our business and operating results may be harmed.

In order to remain competitive, we must continue to develop new service offerings and enhancements to our existing offerings. Maintaining adequate research and development staff and resources to meet the demands of the market is essential. If we are unable to develop digitalised tools or features due to certain constraints, such as high staff turnover, inability to hire sufficient research and development staff or a lack of other research and development resources, we may miss market opportunities. Furthermore, many of our competitors expend a considerably greater amount of funds on their research and development programmes, and those that do not may be acquired by larger companies that would allocate greater resources to our competitors' research and development programmes. Our failure to devote adequate research and development resources or compete effectively with the research and development programme of our competitors could harm our business.

We experienced net cash outflow for FY2020

We experienced net cash outflow for FY2020. For FY2020, our net cash outflow amounted to RMB10.1 million, which was mainly attributable to our net cash used in financing activities of RMB139.9 million. For details, see “Financial Information — Liquidity and capital resources — Cash flows” in this prospectus.

While we generated net cash inflow for FY2021 and FY2022, we cannot assure you that we will be able to continue to do so in the future or the amounts of cash generated from operating activities will increase due to the expansion of our business and the corresponding increases in the level of inventories and in trade and bills receivables. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our liquidity and financial condition. If we do not have sufficient working capital and are unable to generate sufficient revenue or raise additional funds, we may delay the completion of or significantly reduce the scope of our current business plan or substantially curtail our operations, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, if we determine that our cash requirements exceed our available cash on hand, we may seek to issue debt or equity securities or obtain a credit facility. We cannot assure you that we would be able to obtain debt or equity financing at a reasonable cost, or at all, in the current economic environment. In addition, any issuance of equity or equity-linked securities could dilute our Shareholders' ownership, while any incurrence of indebtedness could increase our debt service obligations and cause us to be subject to restrictive operating and financial covenants. As a result, we may face liquidity issues and our business, financial condition and results of operations may be materially and adversely affected.

Our operations may subject us to litigation, claims or other disputes.

We may encounter disputes arising from contracts with our customers, suppliers or other third parties, which may involve claims against them or us. Should any future claims against us or initiated by us fall outside the scope and/or limit of insurance coverage, if any, our financial position may be adversely affected. Regardless of the merits, legal proceedings can be time-consuming and costly, and may divert our management's attention away from our business operation, thereby adversely affecting our business operation and financial position. Legal proceedings that result in unfavourable judgement may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

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Further, any labour dispute or strikes that take place in our production bases may disrupt our operations. We cannot assure that the above events will not occur in the future or we will be able to resolve them shortly when any of them occurs. If a labour dispute or a strike takes place and we fail to deal with it in a short period of time, our operations could be materially and adversely affected, which would impact our business, financial condition and results of operations negatively.

The failure of our operating entities to pay us dividends would negatively affect our financial condition.

We conduct most of our operations through our operating entities, comprising our subsidiaries. Most of our assets are held by, and substantially all of our earnings and cash flows are attributable to, our operating entities. If the earnings from our operating entities were to decline, our cash flows would be negatively affected, which could in turn affect our ability to pay dividends to our Shareholders, including the public Shareholders, or to meet our debt obligations. The ability of our operating entities to pay dividends depends on a number of business considerations and regulatory restrictions. Under the applicable PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC Generally Accepted Accounting Principles, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. These restrictions could reduce the number of distributions that we receive from our operating entities, which would restrict our ability to pay dividends. There can be no assurance that our operating entities will generate enough earnings and cash flows to pay dividends to enable us to meet our obligations or declare dividends to our Shareholders.

We rely on information systems in managing our operations and any system failures or deficiencies of our information systems may have an adverse effect on our business, financial conditions and result of operations.

We depend on the capabilities of our information systems to process and store our business and operational data on a timely and accurate basis. The proper functioning of our financial control, risk management, credit analysis and reporting, accounting, customer service and other information systems are critical for us to conduct our business in an orderly manner and to increase our competitiveness.

Our business activities could be materially disrupted if there is a partial failure or complete breakdown of any of our information systems. Such failure can be caused by a variety of reasons, including natural disasters, extended power outages, accidental power failures, breakdown of key hardware and systems, software malfunction and computer viruses. The proper functioning of our information systems also depends on accurate and reliable data input and installation of ancillary systems, which are subject to error.

Our competitiveness will to some extent depend on our ability to upgrade and optimise our information systems on a timely and cost-effective basis. In addition, the information available to and received by us through our existing information systems may not be timely or sufficient for us to manage risks and prepare for, and respond to, market changes and other developments in our current operating environment. Any failure to improve or upgrade our information systems effectively or on a timely basis could materially and adversely affect our competitiveness, results of operations and financial condition.

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Fluctuation of our financial assets at fair value through profit or loss has affected our results of operations during the Track Record Period and may continue to affect our results of operations in the future.

During the Track Record Period, we made short-term investments on treasury investment products with a view to receiving returns on our available capital such as cash and undistributed profits. We recorded fair value of financial assets at fair value through profit or loss of RMB9.2 million, RMB4.0 million and nil as at 31 December 2020, 2021 and 2022, respectively, which represented short-term treasury investment products issued by reputable licensed commercial banks in the PRC. The fluctuations in our financial assets at fair value through profit or loss as at the end of each reporting period was primarily the result of (i) the different maturity profile of the treasury investment products that we invested in; and (ii) the timing and amount we purchased and redeemed the treasury investment products during each reporting period. We are exposed to systematic risks associated with the financial markets in the way that the PRC financial markets may directly and indirectly affected by the global and local financial, economic and social environments. For example, the recent collapses of Silicon Valley Bank and Signature Bank, the acquisition of Credit Suisse by UBS with the assistance of the Swiss government and any other sudden downturn in the financial markets in the future may adversely affect the market sentiment in general, which would in turn adversely affect the results of our investment activities. We are also exposed to credit risk in relation to our investments in treasury investment products which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains on the treasury investment products we invest in or we will not incur any fair value losses on our investments in the treasury investment products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For details of our valuation techniques and the unobservable inputs, please refer to Note 3.3(b)(i) to the Accountant's Report in Appendix I to this prospectus. The valuation techniques are subject to uncertainty. We cannot assure you that the fair value of our financial assets will not decrease in the future and any significant decreases in the fair value of our financial assets would materially and adversely affect our financial condition.

We face risk regarding the recoverability of deferred income tax assets.

As at 31 December 2020, 2021 and 2022, our Group's deferred income tax assets amounted to RMB2.7 million, RMB2.1 million and RMB0.7 million, respectively, which may enable our Group to reduce future income tax payment. However, the recoverability of such deferred income tax assets is dependent on our Group's ability to generate sufficient future taxable profit. There is no assurance that the deferred income tax assets can be fully recovered. In the case that the deferred income tax assets are determined to be non-recoverable, our Group may have to write-down the deferred income tax assets, which may significantly affect our expenditure, profit and loss and financial condition for the respective year.

We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may have an adverse impact on us.

According to the PRC Social Insurance Law and other related regulations in the PRC, companies operating in China are required to open its own account and complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans 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. The regulations and local policies evolve from time to time, and as of the Latest Practicable Date, certain regional authorities, such as those in the Beijing municipal, Shijiazhuang municipal and Taiyuan municipal, had promulgated local policies to explicitly restrict third-party human resources agencies from

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making social insurance and housing provident funds contributions for non-employees. During the Track Record Period and up to the Latest Practicable Date, we had operations and used third-party human resources agencies in such regions to make social insurance and housing provident funds contributions for our employees. As such, as advised by our PRC Legal Adviser, the use of third-party agencies to make employee benefits payments is not fully in compliance with the applicable PRC laws and regulations. Up to the Latest Practicable Date, the payment of social insurance and housing provident fund contributions through third-party human resources agencies will not in itself directly lead to fines or other penalties under the relevant PRC laws and regulations. We cannot guarantee there will not be a change in the relevant regional policies which may explicitly restrict or set out penalty on the use of third-party agencies to make employee benefits payments in the future, which may in turn lead to an adverse impact on our business and operation. For details, please refer to “Business — Employees”.

During the Track Record Period, certain of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance and housing provident funds for certain of its respective employees since some of our employees scattered in different areas of the PRC and it would be less likely for us to incorporate companies in every city which we have employees. Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance and housing provident funds for our relevant employees, while in return we pay service fees to such agencies. Also, we are required to provide details necessary for the contribution and declaration of social insurance and housing provident funds, such as the amount of contribution. In particular, it is a term in the agreement that such agencies do not have the obligation to advance any contribution of social insurance and housing provident funds and in case we delay our payment to such agencies, such agencies are entitled to suspend their services. As at the Latest Practicable Date, we are not aware of our Group companies having received any administrative penalty imposed by the relevant PRC authorities or labour arbitration application from employees for its agency arrangement with third-party human resources agencies and we are also not aware of the third-party human resources agencies that we cooperate with having failed to pay, or delayed in paying, any social insurance premium or housing provident fund contributions for our employees. Major third-party human resources agencies which in aggregate cover no less than 90% of the total amount paid by the Group during the Track Record Period have confirmed in writing that it had paid such contributions according to our agreements with them. However, if any of such human resources agencies fail to pay the social insurance or housing provident funds for and on behalf of us as required by applicable PRC laws and regulations or if the relevant competent government authorities determine that our use of such agency arrangements does not satisfy the requirements under the relevant PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations. In respect of housing provident funds, if we fail to process housing provident fund registrations or open housing provident fund accounts for employees, we shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. If we fail to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As to the social insurance, if we fail to file the registration for social insurance, we shall be ordered rectification within a certain period of time; where failing to do so, we shall be fined more than one time and less than three times the amount of social insurance payable, and its directly responsible supervisors and other directly responsible persons shall be fined more than RMB500 and less than RMB3,000. We might be ordered to pay the outstanding balance within a certain period of time and might be subject to a daily overdue charge of 0.05% of the delayed payment amount, and the failure to contribute

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the social insurance within such a prescribed period may subject us to a fine of one to three times of the overdue amount further imposed by the competent authorities. As advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

Our future plan relating to strategic investment, acquisition and cooperation may fail and may result in material and adverse impact on our business, results of operations and financial condition.

As part of our future plans, we intend to continuously pursue strategic cooperation with selected institutions and enterprises, including but not limited to strategic alliance, investment, joint venture and/or acquisition, that may be complementary to our growth strategies, particularly those that can help us enrich our service offerings, enhance our technologies, and expand our customer and user base. We also intend to enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan relating to international presence. Our ability to implement our investment, acquisition and cooperation 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 timeframe, and the availability of financing to complete such investments, acquisitions and/or cooperation, as well as our ability to obtain any required Shareholder or government approvals. Our strategic investments, acquisitions and cooperation 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 business, results of operations and financial condition. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure that we will achieve our expected returns on such investments, acquisitions and cooperation. If we fail to identify or acquire suitable projects or achieve our expected returns on such investments, acquisitions and cooperation in the future, our business, results of operations and financial condition may be materially and adversely affected.

Our strategic investments, acquisitions and cooperation also pose the risk that we may be exposed to successor liability relating to the actions by the target and its management before and after the investments, acquisitions and cooperation. The due diligence that we conduct in connection with an investments, acquisitions and cooperation 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 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, results of operations and financial condition.

Our business overseas expansion may fail and may result in material and adverse impact on our business, results of operations and financial condition.

As part of our growth strategies, we plan to expand into the retail support services markets outside the PRC, such as Southeast Asia (such as Singapore and Jakarta in Indonesia) and Japan (such as Tokyo). If our overseas expansion plans are unsuccessful, our cash flows and profitability may be adversely affected. In addition, our overseas expansion plans may require additional financing and place substantial demands on our management and our operational, technological, financial and other resources. To manage and support our overseas expansion plans, we may need to enhance our operational and administrative systems,

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strengthen our financial and management controls, improve our ability to recruit, train and retain additional qualified management personnel and other administrative, sales and marketing staff, and continue managing our relationships with our local and overseas suppliers, customers and other business partners. All of these endeavours will require substantial attention and time from our management and significant additional expenditures. As of the Latest Practicable Date, we have not yet commenced the implementation of our overseas expansion plan. We cannot assure you that we will be able to manage any future overseas expansion plans effectively and efficiently, and our ability to capitalise on new overseas business opportunities may be materially and adversely affected if we fail to do so, which would in turn materially adversely affect our business, financial condition, results of operations and prospects.

If we fail to perform our services in accordance with our service agreements, we could be subject to significant costs or liability and our reputation could be harmed.

We enter into service agreements with our customers to provide a wide range of services to assist them in various industries, including but not limited to FMCG, finance, electronic consumables, etc.. The relevant services may be complex and subject to various requirements requested by our customers, and any mistake or failure to perform in accordance with specifications on our part could result in our customers suing us for breach of agreements as well as other severe consequences, which may deter prospective customers and our business development.

RISKS RELATING TO OUR INDUSTRY

We are susceptible to systemic risks, including the global financial and economic situation.

The recent collapses of Silicon Valley Bank and Signature Bank and the acquisition of Credit Suisse by UBS with the assistance of the Swiss government have adversely affected the U.S. and the global financial market and economic situation. Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations. With a deteriorating worldwide economy, consumer spendings and consumption of non-essential items may diminish, which in turn will affect the demand for our sales and marketing services. In addition, the credit tightening environment may aggravate the interest expenses on our bank borrowings, or the banks may even reduce the amount of or discontinue the banking facility currently available to us. It is unclear whether these challenges will be contained and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the economies where we operate our businesses. To the extent any fluctuations in the global economy significantly and adversely affect consumers' demand for our customers' merchandise, as well as our customers' demand for our services, our results of operations may be materially and adversely affected.

The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations.

Beginning from December 2019, a novel strain of coronavirus, or the COVID-19, resulted in prolonged mandatory quarantines, lockdown, closures of businesses and facilities and travel restrictions imposed by the Chinese government and other countries around the world. The COVID-19 pandemic, as well as the restrictions imposed and actions taken by the governments and society as a whole in response to the COVID-19 pandemic, could present significant challenges and uncertainties. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees, suspension of our offline customer acquisition activities and cancellation of non-essential business travels to ensure the safety and health of our employees. These measures temporarily reduced the capacity and efficiency of our operations.

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Although conditions have substantially improved since late March 2020 in the PRC, there was a slight rebound of number of confirmed cases of COVID-19 in certain cities afterwards. In 2022, a number of positive COVID-19 cases appeared in certain areas of Shanghai and other locations in China. Further, there was relaxation in the national COVID-19 policy in December 2022 and resurgence of COVID-19 in the PRC in late December 2022 and early January 2023. In addition, any recurrence of the COVID-19 outbreak in China or continuance of the outbreak in other parts of the world could cause a temporary decline in the business activities in various industries in which our customers operate and the restricted movement of individuals has disrupted the operations of the offline retail network and consumer demand for certain FMCG merchandise.

During the Track Record Period and up to the Latest Practicable Date, our business operations and financial performance have been temporarily disrupted by COVID-19 and we believe that the business operations of our customers were adversely affected by the COVID-19 pandemic which in turn reduced their willingness in conducting sales and marketing activities, in particular:

- **FY2020** — The COVID-19 pandemic and the corresponding restrictions had a negative impact on (i) the overall sales performance of offline commerce in China; and (ii) our customers' business operations (including but not limited to change in sales and marketing strategies and temporary closure of offline retail stores), and thus, their demands for our customised marketing solution. Our customers' demands for roadshows and marketing campaigns shrank as a result of the COVID-19 pandemic. On the other hand, our employee benefit expenses associated with cost of services, administrative expenses and selling and marketing expenses were relatively less in FY2020 mainly due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises 《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》 and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues 《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. According to the two said Notice, the deduction in social insurance amounted to RMB5.5 million. For FY2020, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19.
- **FY2021** — Although there was no large-scale outbreak of COVID-19 in FY2021, our revenue from marketers assignment service decreased because the negative impact of the COVID-19 pandemic caused a slowdown in our customers' sales, which led to a decrease in the number of customers who engaged us for marketers assignment service. Nevertheless, we still maintained a stable financial performance with 0.7% growth in our revenue and improvement in gross profit margin from 39.6% for FY2020 to 40.9% for FY2021 as we had successfully promoted our tasks and marketers matching service and SaaS+ subscription during the year. For FY2021, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

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- **FY2022** — Notwithstanding the COVID-19 outbreak in early 2022, our revenue increased by 48.5% for FY2022 as compared to FY2021 mainly due to the increase in our revenue from customised marketing solution. Nonetheless, for the same period, 15 contracts were cancelled, postponed or adjusted with less service scope and our Directors estimated and believed that it had resulted in a loss in revenue by RMB13.2 million, representing 2.1% of total revenue for FY2022. Our Directors believe that such cancelled, postponed or adjusted contracts were attributable to the change in our customers' sales and marketing strategies after having considered, among others, impact of COVID-19 and temporary closure of offline retail stores. In addition, we experienced temporary disruption in daily operations, such as our prolonged settlement process to suppliers as a result of administrative disruptions caused by the COVID-19 pandemic and certain of our offices were only allowed to remain opened to a limited extent and thus, most of our Group staff were required to work from home from time to time in response to local social distancing measures. Nonetheless, we had not experienced any material difficulties in collecting payments from our customers. For FY2022 and up to the Latest Practicable Date, save for the said 15 contracts, there was no cancellation, postponement or adjustment of contracts/projects. As of the Latest Practicable Date, all such postponed contracts remained postponed and had not resumed. Further, for FY2022 and up to the Latest Practicable Date, we did not incur any expense for delayed and cancelled projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

We cannot assure you that our efforts to mitigate the impact of the COVID-19 pandemic on our business operations will always be effective or at all. Furthermore, we may in the future experience additional disruptions caused by the COVID-19 pandemic that could materially and adversely impact our business operations, financial condition and results of operations, including but not limited to:

- global economic recessions due to reduced level of economic activities and lockdown restrictions, which in turn resulted in decrease in revenue from our services, reductions in subscription duration and value, slower adoption of new technologies and increased price competition;
- inefficiencies, delays and additional costs in sales and marketing and customer service efforts;
- delays or failure to collect receivables from our customers impacted by the COVID-19 pandemic; and
- the possibility that one or more clusters of COVID-19 cases could occur at one of our locations, third-party cloud services providers or other third-party providers, affecting our employees or employees of our customers or other third parties on which we depend;

There are no comparable recent events that provide guidance as to the effect the COVID-19 outbreak as a global pandemic may have, and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change, even though conditions have been gradually improving in China where we conduct substantially all of our business. We do not yet know the full extent of the impacts on our business, our operations or the global economy as a whole. The extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are highly uncertain and unpredictable, such as the duration of the outbreak, the effectiveness of travel restrictions and other measures to contain the outbreak and its impact, such as social distancing, quarantines and lockdowns across China where we and our customers operate.

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Moreover, our operation efficiency was affected to a certain extent because our staff were required to work from home from time to time. There remains substantial uncertainties about the dynamic of the COVID-19 pandemic, which may have potential continuing impacts on subsequent periods if the pandemic and the resulting disruption were to extend over a prolonged period. To the extent the global spread of COVID-19 and deterioration cannot be contained, the risks and uncertainties set forth in this document may be exacerbated or accelerated at a heightened level.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

Our business, growth and prospects are significantly affected by the growth in retail support service industry and usage of digitalised tools in China.

Market expansion for digitalised services in China depends on a number of factors, including the growth of new digital channels and the cost, as well as performance and perceived value associated with, digitalised tools. If digitalised tools 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 services or otherwise, our business, growth prospects and results of operations will be materially and adversely affected.

Regulatory, legislative or self-regulatory developments for online businesses may be expensive to comply with, not clearly defined and rapidly evolving, which might create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business. These might also have a material and adverse impact on our business, prospects, results of operations and financial condition.

The PRC government extensively regulates the Internet industry. Therefore, we may face challenges with respect to the complex and evolving legislations and regulations regarding cybersecurity and data privacy. We collect personal data from our users in order to better understand them and their needs, and are subject to cybersecurity and data privacy laws in China and other applicable jurisdictions, including without limitation the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), Measures for Cybersecurity Review (《網絡安全審查辦法》), the Measures on Security

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Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), and “Network Data Security Management Regulations” (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft for Comments**”).

Pursuant to above legislation and regulation, we are required to maintain the confidentiality, integrity, and availability of the information of our users, customers, and suppliers, which is also essential to maintaining their confidence in our services. Therefore, we may be subject to litigation or enforcement action or reduced demand for our services if we or our clients fail to abide by applicable data security, cybersecurity and privacy laws, or to provide adequate notice and/or obtain consent from end users. Any proceeding or perception of concerns relating to our collection, use, disclosure, and retention of data and personal information, including our security measures applicable to the data and personal information we collect, whether or not valid, could adversely affect our reputation, force us to spend significant amounts on defence of these proceedings, distract our management, increase our costs of doing business, which could materially and adversely affect our business, results of operations and prospects.

However, the interpretation and implementation of such laws in China and elsewhere are often subject to uncertainties. Although we have employed resources to develop and maintain our cybersecurity measures, we cannot assure you that we always comply with all legislation and regulation mentioned-above. As a result, these laws and regulations might adversely affect the demand for or effectiveness and value of our brand, force us to incur substantial costs, or require us to change our business practices in a manner that could adversely affect our business. In addition, some foreign countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services.

Our industry face ethical and reputational risks associated with the use of AI technologies.

During the Track Record Period and up to the Latest Practicable Date, we apply AI technologies in our services, for example *Touchkit* provides matching recommendations on tasks and marketers using AI algorithm. Alongside our business expansion and continued investment in research and development activities, our application of AI technologies may expand which may in turn produce biased analysis and discrimination against inquiry subjects in certain stereotypes, such as unequal risk scoring based on racial or cultural background or gender. If the recommendations, forecasts, or analyses that our future application of AI technologies assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and ethical or reputational harm. If the AI-based services we offer in the future are controversial because of their purported or real impact on human rights, privacy, employment, or other social issues, we may experience ethical or reputational harm and negative corporate social responsibility record and regulatory compliance issues.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the economic, political and social conditions and government policies of the PRC may continue to affect our business and prospects.

All of our operations, business, assets and revenues are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the PRC’s macro economy through fiscal and monetary policies.

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The Chinese economy may have many differences compare to the economies of most developed countries in many respects, which mainly including the involvement of government, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has taken measures which could enhance the utilisation of market forces for economic reform, meanwhile reducing the state ownership of productive assets and the establishing the improved corporate governance in business enterprises, a substantial portion of productive assets in China may be still owned by the government. Further, the Chinese government may still be able to impose industrial policies so as to regulate the industry development. The Chinese government may also have significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

The performance of our Group has been and would continue to be affected by China's economy, which in turn may be influenced by the global economy. The uncertainties of the global economy and the political environment in various regions of the world would continue to influence China's economic growth. Due to the significant growth of Chinese economy over the past decades, growth could be uneven among different geographical sectors and among various economic sectors.

The successful operations of our business and our growth depend upon the Internet infrastructure and telecommunication network in the PRC.

Our business depends on the performance and reliability of the Internet infrastructure in China. Almost all access to the Internet is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of China. In addition, the national networks in China are connected to the Internet through state-owned international gateways, which are the only channels through which a domestic user can connect to the Internet outside of China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's Internet infrastructure. In addition, the Internet infrastructure in China may not support the demands associated with continued growth in Internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites. We have no control over the costs of the services provided by the national telecommunications operators. If the prices that we pay for telecommunications and Internet services rise significantly, our profit margins could be adversely affected. In addition, if Internet access fees or other charges to Internet users increase, our user traffic may decrease, which in turn may significantly reduce our revenues.

The filing of the China Securities Regulatory Commission and/or competent department is required in connection with the listing. However, there is no guarantee that we will be able to complete such filings.

On 17 February 2023, China Securities Regulatory Commission (the "CSRC") issued the 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 "Trial Measures") and five supporting guidelines, the Trial Measures came into effect on 31 March 2023. According to the Trial Measures, a filing-based regulatory regime is adopted to regulate both direct and indirect overseas securities offering and listing by the domestic companies. For details, see "Regulatory Overview — Laws and Regulations Relating to M&A and Overseas Listings". Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days

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thereafter. If we fail to complete the filing with the CSRC in a timely manner or at all, for our Global Offering or any other future capital raising activities, which are subject to the filings under the Trial Measures, our ability to raise or utilise funds could be materially and adversely affected.

Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which became effective on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

However, given that the Trial Measures and Provision on Confidentiality were recently promulgated, there remains substantial uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. In addition, if we fail to complete the filing procedure or conceals any material fact or falsifies any major content in our filing documents, we may be subject to administrative penalties, such as order to rectify, warnings, fines, and the controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

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

M&A Rules jointly issued by the MOFCOM, the SASAC, the STA, the CSRC, SAIC, and the SAFE on 8 August 2006, effective on 8 September 2006 and amended on 22 June 2009, and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or natural persons acquire an affiliated PRC domestic enterprise. Since the PRC Foreign Investment Law and its Implementation Regulations became effective on 1 January 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the PRC Foreign Investment Law and its Implementation Regulations. Moreover, the Anti-Monopoly Law requires that SAMR shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other

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relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM, the SAMR, or other PRC government authorities may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

In addition, the Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Mergers and Acquisitions 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) issued by the PRC government authorities that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defence and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the PRC government authorities, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In December 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on 18 January 2021. The NDRC and the MOFCOM will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security. As these measures are recently promulgated, official guidance has not been issued by the designated office in charge of such security review yet. At this stage, the interpretation of those measures remains unclear in many aspects such as what would constitute “important information technology and internet services and products” and whether these measures may apply to foreign investment that is implemented or completed before the enactment of these new measures.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defence and security” or “national security” concerns. However, the MOFCOM or other government authorities may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC may be closely scrutinised or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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We are likely to be classified as the “PRC resident enterprise” under PRC Enterprise Income Tax law, therefore our profitability and the value of your investments maybe affected adversely.

According to the Enterprise Income Tax (“EIT”) Law and implementation rules, an enterprise incorporated outside of the PRC but with a “de facto management body” in PRC may also be classified as the resident enterprise of the PRC. The definition of “de facto management body” means the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, July 2011 and January 2014, the STA issued several circulars, which provide certain specific criteria for determining whether it is the “de facto management body” for foreign enterprises controlled by PRC enterprises.

However, the tax-resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term “de facto management body”. As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply in our case. If the PRC tax authorities determine that our Company, or any of our subsidiaries outside of China, is a PRC resident enterprise for PRC enterprise income tax purposes, then our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

Moreover, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realised on the sale or other disposition of our ordinary shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains or dividends are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to obtain 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 such tax may reduce the returns on your investment in our Shares.

Inflation in the PRC could materially and adversely affect our profitability and growth.

Since the economy of China has been experiencing significant growth in past decades, inflation may occur and labour costs may keep increasing. According to the statistics from National Bureau of Statistics of China, the year-on-year growth in the consumer price index in China was 0.9% from 2020 to 2021. The overall economy of the PRC and the average salary in the PRC are more likely to keep increasing, therefore future increases in China’s inflation and material increases in the cost of labour is likely to affect our profitability and operations adversely.

PRC governmental control and restrictions on the convertibility of Renminbi may affect the value of your investment.

The PRC government imposes controls and restrictions on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The majority of our income is received in Renminbi and shortages in the availability of foreign currencies may restrict our ability to pay dividends or other payments, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment

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of loans denominated in foreign currencies. The PRC government may, at its discretion, impose restrictions on access to foreign currencies for current account transactions and if this occurs in the future, we may not be able to pay dividends in foreign currencies to our Shareholders.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of the RMB against the Hong Kong dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar or other currencies in the future. In addition, the PBOC may regularly intervene in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in the PRC. Foreign investors or foreign-funded enterprises shall submit investment information to the competent commerce departments through the Enterprise Registration System and the National Enterprise Credit Information Publicity System. In addition, foreign-invested enterprises submitting a change report shall submit the change in basic information, investors and their actual controllers, investment transaction information and other information. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this Global Offering and to capitalise our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the “Notice on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises” (《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》) (the “SAFE Circular 19”), which took effect on 1 June 2015. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond their business scopes. On 9 June 2016, the SAFE promulgated the “Notice on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange” (《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》) (the “SAFE Circular 16”). SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing

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(except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in the PRC the proceeds from this Global Offering, which may materially and adversely affect our business, financial condition and results of operations.

We may be subject to penalties, including restrictions on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our PRC resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities. The “Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round tripping by Chinese 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》) (the “SAFE Circular 37”), was promulgated by the SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We have requested PRC residents holding direct or indirect interest in our Company to our knowledge to make the necessary applications, filings and amendments as required by applicable foreign exchange regulations. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents and, therefore, we may not be able to identify all our shareholders or beneficial owners who are PRC residents to ensure their compliance with Circular 37 or other related regulations. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by Circular 37 or other related regulations in a timely manner. Failure by any such Shareholders to comply with Circular 37 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border

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investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could materially and adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the “Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-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》) (the “SAFE Circular 7”), which replaces the previous rules issued by SAFE in March 2007. Under the new SAFE Circular 7 and other relevant rules 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 counterparts and complete certain other procedures. PRC residents who are also the participants of a stock incentive plan must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. Also, SAFE Circular 7 requires that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local counterparts before they exercise the share options. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this Global Offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially and adversely affect our business.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The majority of our operations are conducted in China, and are governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. There has been significantly increase in the overall effect of legislation over the past three decades in the protections afforded to various forms of foreign or private-sector investment in China. Our subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively have not been enforced for a long time and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

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Certain judgements obtained against us by our shareholders may experience some difficulties in enforcement.

Although we are an exempted company incorporated in Cayman Islands with limited liability, all our substantial assets and business operation are located in the PRC. On the other hand, all of our directors and senior managements are nationals and residents of China and most of their assets are also located in the PRC. Therefore, it is less likely for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. The PRC has not entered into treaties or arrangements regarding the recognition and enforcement of judgements made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC 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” (《最高人民法院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 “**Arrangement**”). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgement requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgement. Therefore, if the parties in the dispute did not agree to enter into a choice of court agreement in writing, it may not be possible to enforce that judgement. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in the PRC in order to seek recognition and enforcement of foreign judgements in the PRC.

Furthermore, on 18 January 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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 “**New Arrangement**”). Although the New Arrangement has been signed, it remains unclear when it will come into effect. When the New Arrangement become effective, it will supersede the Arrangement and any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgements in civil and commercial cases under the New Arrangement but will be subject to the conditions set forth in the New Arrangement. Therefore, the outcome and effectiveness of any action brought under the New Arrangement is still uncertain. We cannot assure you that an effective judgement that complies with the New Arrangement can be recognised and enforced in a PRC court.

Any failure to comply with anti-corruption and anti-bribery laws of China and other jurisdictions could subject us to penalties and other adverse effects.

We are subject to the anti-bribery laws of the jurisdictions in which we operate, particularly the PRC. In addition, many of our customers are subject to the Foreign Corrupt Practices Act, or FCPA, enacted in the United States, that generally bans an entity from bribery or corruption, which means directly or indirectly, making improper payments to foreign officials for the purpose of obtaining or retaining business. As a result, our service contracts often include anti-bribery provisions which require us to comply with the applicable anti-bribery laws.

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Although we have procedures and controls to monitor anti-bribery compliance, we cannot guarantee these measures can fully protect us from reckless or criminal acts committed by our employees or agents. Furthermore, we could be held liable for actions taken by our employees or agents, which could expose us to risks of regulatory investigations and penalties. If we fail to comply with applicable anti-bribery laws due to our own deliberate or inadvertent acts or those of our employees, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and significant expenses, which could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet-related businesses and companies, and any lack of requisite approvals, licences, permits or filings applicable to our business may have a material adverse effect on our business and results of operations.

The PRC government extensively regulates the Internet industry and the licencing and permit requirements pertaining to companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations.

Complying with such laws and regulations may require substantial expense, and any non-compliance may expose us to liability. However, we cannot guarantee that we will be able to obtain all requisite approvals, licences, permits and certifications in connection with our business operation and conduct our business within the business scope as described in the approvals, licences, permits, fillings and certifications held by us. 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 Internet-related industry in China continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. We may be required to obtain approvals, licences, 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 non-compliance, 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, licences, permits, fillings and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licences, permits and certifications without having one, we may be subject to administrative penalties or the suspension of operations of the relevant business that do not have all the requisite approvals, licences, permits and certifications, which could materially and adversely affect our business and results of operations. For further details on the requisite approvals, licences, permits and certifications for business operations, see “Regulatory Overview”. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

Furthermore, in the event that we are required to renew our existing licences or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or that the relevant government authorities will always, if ever, exercise their discretion in our favour. There may also be delays on the part of government authorities in reviewing our applications and granting approvals, whether due to the lack of human resources or the imposition of new rules, regulations, government policies or their implementation, interpretation and enforcement. The eligibility criteria and requirements for such licences, certificates, approvals and permits may change from time to time and may become more stringent in the future. The introduction of any new and/or more stringent laws, regulations, licences, certificates, approvals or permits requirements relevant to our business operations may significantly escalate our

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compliance and maintenance costs or may limit our ability to continue with our existing operations or may limit or prohibit us from expanding our business. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and there can be no assurance that an active market would develop after the Global Offering.

Prior to completion of the Global Offering, there has been no public market for our Shares. Following the completion of the Global Offering, there can be no guarantee that an active trading market for our Shares will develop or be sustained. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), may not be indicative of the market price of the Shares following the completion of the Global Offering. The market price of our Shares may be materially and adversely affected at any time after completion of the Global Offering. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

The trading price of our Shares following the Global Offering 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 many factors, some of which maybe beyond our control, including: our financial results, changes in securities analysts' estimates, if any, of our financial performance, general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world and the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility in 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 listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performance 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.

Because the initial public Offer Price per Share is higher than the net tangible book value per Share, purchasers of our Shares may incur immediate and substantial dilution in the Global Offering and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, as a result purchasers of our Shares in the Global Offering will experience an immediate dilution in terms of the pro forma net tangible book value. If the Overall Coordinators, on behalf of the International Underwriters, exercises the Over-allotment Option or if we obtain additional capital in the future through equity offerings, purchasers of our Offer Shares may experience further dilution.

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Substantial actual sales or future sales or the expectation of substantial sales of our Shares in the public market, especially by our Directors, executive officers and Controlling Shareholders may cause the price of our Shares to decline.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation of such sales could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

During the Track Record Period and up to the Latest Practicable Date, no dividend has been proposed, paid or declared by our Company, and save for the dividends of RMB165,000,000 declared and paid by Plus Shanghai to its then shareholders for FY2020, no dividend was declared or paid by our Group during the Track Record Period and up to the date of this prospectus. Distribution of dividends shall be at the discretion of our Board and subject to Shareholders' approval. Any declaration and payment as well as the amount of such dividends may depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors may consider relevant. We also cannot guarantee when and in what form dividends will be paid on our Shares following the Global Offering. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For further information, see "Financial Information — Dividend." On the other hand, it would also be subject to our Articles of Association and the PRC laws or Cayman Islands laws, including (where required) the approvals from our shareholders and our Directors. As a result, there can be no assurance whether, when and in what manner we will pay dividends in the future.

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Waivers have been granted from compliance with certain requirements of the Listing Rules by the Stock Exchange. Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Stock Exchange has granted to us, a number of waivers from strict compliance with the Listing Rules. For details, see “Waivers from Strict Compliance with the Listing Rules”. There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return to our shareholders. We plan to use the net proceeds from the Global Offering mainly (i) to enhance our core technology capabilities and fundamental R&D, which includes upgrading our digitalised tools, enhancing our IT infrastructure, establishing a cloud-based sales and marketing platform as a service (PaaS) system and enhancing our Shanghai headquarters and Dalian R&D centre; (ii) to pursue strategic investment, acquisition and cooperation; (iii) to enhance our capabilities in sales and marketing to further our business growth and brand awareness; (iv) to repay our bank borrowings and (v) to supplement our working capital. For details, see “Future Plans and Use of Proceeds — Use of proceeds”. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgement you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by, among other things, our Memorandum of Association and Articles of Association, the Cayman Companies Act, and the common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, the rights of minority shareholders to instigate actions and the fiduciary duties of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary duties of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong or other jurisdictions. This may mean that the remedies available to our minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a Hong Kong court. A summary of the constitution of our Company and the Cayman Islands Company Act is set out in Appendix III to this prospectus.

RISK FACTORS

Forward-looking statements contained in this document may be subject to risks and uncertainties.

This document contains certain forward-looking statements and uses forward-looking words such as “aim,” “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would” “vision,” “aspire,” “target,” “schedules.” Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change.

Subscribers of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties, and that any or all of those assumptions could prove to be inaccurate, and thus the forward-looking statements which are based on those assumptions could be incorrect. The uncertainties in this regard include those that are specified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and targets will be achieved. The forward-looking statements should be considered in light of various factors that are worth noting, including the factors mentioned above. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Hong Kong Stock Exchange. Investors should not place undue reliance on such forward-looking statements. For details, see “Forward-looking Statements”.

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

If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or publishes inaccurate or unfavourable research about our business, the market price for our Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our Shares to decline.

Facts and statistics in this prospectus may come from various sources and may not be fully reliable.

Certain facts and statistics in this prospectus, including, but not limited to, the information and statistics are derived from various publicly available publications of governmental agencies or Independent Third Parties, which our Directors believe to be reliable.

However, we cannot guarantee the quality or reliability of such facts and statistics. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. No independent verification has been carried out on the information and statistics from official government sources by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries or any other parties involved in the Global Offering or their respective directors, officers, employees, advisers, or agents, and no representation is given as to the 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 being inaccurate or not comparable to statistics produced for other economies. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

RISK FACTORS

Prospective investors should read the entire prospectus carefully and we strongly caution you not to place any reliance on the information in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this prospectus.

There may be, subsequent to the Latest Practicable Date but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or other media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that an applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinary resident in Hong Kong.

Since our Company's headquarters and our principal business operations are based outside Hong Kong, all of our executive Directors spend the majority of their time supervising our Company's principal business operations from the PRC and do not ordinarily reside in Hong Kong. We consider that it is in the best interests of our Company for our executive Directors and our senior management to be based in the places where the Group has significant operations. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, and the following arrangements have been made for maintaining regular and effective communication with the Stock Exchange:

- (a) we have appointed and will continue to maintain two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange at all times. The two appointed authorised representatives are Mr. Yang, an executive Director and Mr. Chow Kit Ting (周傑霆), one of our Company's joint company secretaries. Although Mr. Yang resides in the PRC, he possesses valid travel document to visit Hong Kong and is able to renew such travel document when it expires. In addition, the contact details of the two authorised representatives (including the office and mobile phone numbers, email addresses, correspondence addresses and facsimile numbers) have been provided to the Stock Exchange. Accordingly, each of the two authorised representatives of our Company will be readily contactable by the Stock Exchange by telephone, facsimile and/or email to deal promptly with enquiries from the Stock Exchange and will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any changes in the authorised representatives and/or their contact details. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange;
- (b) each of the two authorised representatives of our Company has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times when the Stock Exchange wishes to contact the Directors for any matters (including means to communicate with Directors when they are travelling). Each of the Directors (including the independent non-executive Directors) has provided his/her contact details (including their respective office and mobile phone numbers and email addresses) to the authorised representatives and the Stock Exchange. Each of our Directors who is not ordinarily resident in Hong Kong either possesses, or can apply for, valid travel documents to visit Hong Kong in order to meet with the Stock Exchange within a reasonable period upon the Stock Exchange's request. In addition, the Directors will provide their contacts of the place of their accommodation to the authorised representatives in the event that they expect to travel and/or be out of office, and make themselves readily contactable by the authorised representatives;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Guotai Junan Capital Limited as our compliance adviser, who will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date. The compliance adviser will advise ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong. Our Company will inform the Stock Exchange promptly of any changes of our compliance adviser. The compliance adviser will also be available to respond to enquiries from the Stock Exchange. We will ensure that the compliance adviser has prompt access to our Company's authorised representatives and Directors who will provide to the compliance adviser such information and assistance as the compliance adviser may need or may reasonably request in connection with the performance of the compliance adviser's duties; and
- (d) our Company will appoint other professional advisers (including legal advisers and accountants) to advise our Company on ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of our Company must be a person who has the requisite academic or professional qualifications or relevant experience to discharge the functions of a 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:

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

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

- (i) length of employment with the issuer and other issuers and the roles they played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have appointed Mr. Chow Kit Ting (“**Mr. Chow**”) and Ms. Guo Yan (“**Ms. Guo**”) as our joint company secretaries. See “Directors and Senior Management — Joint Company Secretaries” for their biographies. Mr. Chow is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, and therefore meets the qualification requirements under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. While Ms. Guo does not possess the formal qualifications required of a company secretary, not meeting all requirements under Rules 3.28 and 8.17 of the Listing Rules.

The following arrangements have been, or will be, put in place to assist Ms. Guo in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules:

- (i) Mr. Chow will work closely with Ms. Guo to jointly discharge the duties and responsibilities as the joint company secretaries of the Company and to assist Ms. Guo to acquire the relevant experience as required under the Listing Rules for an initial period of three years from the Listing Date, a period which should be sufficient for Ms. Guo to acquire the relevant experience as required under the Listing Rules;
- (ii) The Company will ensure that Ms. Guo continues to have access to the relevant training and support in relation to the Listing Rules and the duties required for a company secretary of an issuer listed on the Hong Kong Stock Exchange. Furthermore, both Ms. Guo and Mr. Chow will seek advice from the Company’s Hong Kong legal and other professional advisers as and when required. Ms. Guo also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and
- (iii) At the end of the three-year period, the qualifications and experience of Ms. Guo and the need for on-going assistance of Mr. Chow will be further evaluated by the Company. The Company will then endeavour to demonstrate to the Hong Kong Stock Exchange’s satisfaction that Ms. Guo, having had the benefit of the assistance of Mr. Chow for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the Hong Kong Stock Exchange may revoke the waiver if Mr. Chow ceases to provide assistance to Ms. Guo during the three-year period or if there are material breaches of the Listing Rules by the Company.

We have applied 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. The waiver is valid for an initial period of three years from the Listing Date. Before the end of such three-year period, the qualifications and experience of Ms. Guo and the need for ongoing assistance of Mr. Chow will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Guo, having benefited from the assistance of Mr. Chow for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 and 8.17 of the Listing Rules and decide whether a further waiver will be necessary.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed Director who is named as such in this Prospectus) 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 571 V 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 there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

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 contains 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 and therein. No person is authorised 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 authorised by 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, any of their respective directors, agents, employees or advisers or 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. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions 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 around the Price Determination Date.

For further information about the Underwriters and the underwriting arrangement, see the section headed "Underwriting".

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 procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares".

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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”.

RESTRICTIONS ON OFFERS AND SALES 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 in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose 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 authorised or to any person to whom it is unlawful to make such an offer or invitation. 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 and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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 and to be issued pursuant to the Global Offering (including any Shares that maybe issued pursuant to the exercise of the Over-allotment Option).

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 Offer Shares will be registered on the Hong Kong Share Register 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.

COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the Offer Shares on the Stock Exchange are expected to commence on Thursday, 11 May 2023. The Offer Shares will be traded in board lots of 200 Offer Shares each. The stock code of the Offer Shares will be 2486.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed “Structure of the Global Offering.” Assuming that the Over-allotment Option is exercised in full, our Company may be required to issue up to an aggregate of 3,750,000 additional Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARES THAT 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 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 CCASS and CCASS 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 the settlement arrangements as such arrangements may affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

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

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 Share Register of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong Share Register 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 emphasised that none of our Company, the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or 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 your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars and of Renminbi amounts into US dollars at specified rates. Unless otherwise specified, or in respect of transactions that have occurred at historical exchange rates, the translation of Renminbi into Hong Kong dollars and of Renminbi into US dollars, and vice versa, in this Prospectus was made at the following rates:

- RMB0.8782 to HK\$1
- RMB6.8936 to US\$1
- HK\$7.8499 to US\$1

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

We make no representation and none should be construed as being made, that any of the HK dollar, U.S. dollar and RMB amounts contained in this Prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and its Chinese translation, 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. The English translations of the Chinese names of such PRC entities, enterprises, titles, laws, regulations and the like are provided for identification purposes only.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table in this Prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Sun Guangjun (孫廣軍)	Room A, 15/F No.5, Lane 500 Changde Road Jing'an District, Shanghai PRC	Chinese
Mr. Yang Hong (楊洪)	Room 602 No. 20, Lane 450 Damuqiao Road Xuhui District, Shanghai PRC	Chinese
<i>Non-executive Directors</i>		
Mr. Li Jianbo (李建波)	Room 1004 No. 16, Qile Street Tianhe District, Guangzhou, Guangdong PRC	Chinese
Mr. Zhong Jiasheng (鐘傑生)	Room 902 No. 16 Xiancun Road Tianhe District, Guangzhou, Guangdong PRC	Chinese
<i>Independent Non-executive Directors</i>		
Ms. Li Yingkai (李營開)	5A Unit 1, Building L, Swan Castle No. 2 Xiangshan Middle Street Nanshan District, Shenzhen PRC	Chinese
Mr. Lau Man Tak (劉文德)	Flat H, 6/F Ning on Mansion, On Shing Terrace 28 Taikoo Shing Road Taikoo Shing Hong Kong	Chinese
Mr. Ngan Wing Ho (顏永豪)	3 Ocean Way #05-07 Singapore	Chinese

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Jefferies Hong Kong Limited

Level 26, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Guotai Junan Capital Limited

26/F–28/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Overall Coordinators

Jefferies Hong Kong Limited

Level 26, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Jefferies Hong Kong Limited

Level 26, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CCB International Capital Limited

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

Joint Bookrunners

CMB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

SPDB International Capital Limited

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

CMB International Capital Limited

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

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

SPDB International Capital Limited

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

SBI China Capital Financial Services Limited

4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

Livermore Holdings Limited

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

Conrad Investment Services Limited

23/F, Tung Hip Commercial Building
244-248 Des Voeux Road Central
Sheung Wan, Hong Kong

Financial adviser

CCB International Capital Limited

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Capital Market Intermediaries

Jefferies Hong Kong Limited

Level 26, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CCB International Capital Limited

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

CMB International Capital Limited

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

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

SPDB International Capital Limited

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

SBI China Capital Financial Services Limited

4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

Livermore Holdings Limited

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

Conrad Investment Services Limited

23/F, Tung Hip Commercial Building
244–248 Des Voeux Road Central
Sheung Wan, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Reporting accountant and independent auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Legal advisers to the Company

As to Hong Kong laws:
Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws:
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing, PRC

As to Cayman Islands laws:
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

As to PRC laws in relation to cyber security and data compliance matters:
Tian Yuan Law Firm
Unit 509, Tower A, International Enterprise Mansion
No. 35 Jinrong Da Jie
Xicheng District
Beijing, PRC

As to U.S. laws:
King & Wood Mallesons
13th Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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

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

Jones Day
31/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws:

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

Industry consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Suite 2504
Wheelock Square
No.1717 West Nanjing Road
Jing'an District
Shanghai
China

Receiving banks

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

CMB Wing Lung Bank Limited
Room 1207–1209, 12/F
CMB Wing Lung Bank Centre
636 Nathan Road
Kowloon, Hong Kong

Compliance adviser

Guotai Junan Capital Limited
26/F–28/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	PO Box 309, Uglund House Grand Cayman, KY1-1104 Cayman Islands
Head office and principal place of business in PRC	2F–3F, Building 6 No. 652 Changshou Road Putuo District Shanghai PRC
Principal place of business in Hong Kong	Suite 4503, 45/F Far East Financial Centre 16 Harcourt Road Admiralty Hong Kong
Company's website	<u>www.plscn.com</u> <i>(The information on the website does not form part of this prospectus)</i>
Joint company secretaries	Mr. Chow Kit Ting (周傑霆) (CPA) Flat F 46/F, Block 8 Royal Ascot Sha Tin, New Territories Hong Kong Ms. Guo Yan (郭燕) Room 1402 No. 1 Lane 1060 Lujiabang Road Huangpu District, Shanghai PRC
Authorised representatives (for the purpose of the Listing Rules)	Mr. Yang Hong (楊洪) Room 602 No. 20, Lane 450 Damuqiao Road Xuhui District, Shanghai PRC Mr. Chow Kit Ting (周傑霆) Flat F 46/F, Block 8 Royal Ascot Sha Tin, New Territories Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Lau Man Tak (<i>Chairman</i>) Mr. Ngan Wing Ho Ms. Li Yingkai
Nomination committee	Mr. Sun Guangjun (<i>Chairman</i>) Ms. Li Yingkai Mr. Lau Man Tak
Remuneration committee	Ms. Li Yingkai (<i>Chairman</i>) Mr. Sun Guangjun Mr. Ngan Wing Ho
Hong Kong Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Cayman Islands principal share registrar and transfer agent	Maples Fund Services (Cayman) Limited PO Box 1093 Boundary Hall Cricket Square Grand Cayman KY1-1102, Cayman Islands
Principal bank	China Merchants Bank Shanghai Caoyang Branch No.188 Caoyang Road Putuo District, Shanghai PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, Overall Coordinators, Capital Market Intermediaries, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

In connection with the Global Offering, we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report about, China's retail market, China's retail support services market and China's SaaS market. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. The aggregate contract sum to Frost & Sullivan in connection with the market research services provided was RMB1,130,000, which we believe to be consistent with market rates.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) global social, economic and political environment is likely to remain stable in the period of 2022 to 2026 (the “**forecast period**”); (ii) purchasing power is expected to continue to rise rapidly in emerging regions and to grow steadily in developed regions; and (iii) related industry key drivers are likely to drive the market in the forecast period.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan has prepared the Frost & Sullivan Report based on detailed primary research which involved discussing the status of China's retail support services industry market with certain leading industry participants and secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF CHINA'S RETAIL MARKET

Retail refers to the activity of selling merchandise directly to individual consumers or end-users. The retail activities often occur through a number of different channels, such as department stores, supermarkets, specialty stores, and brick-and-mortar storefronts, online platforms, etc. Mostly, brand owners own proprietorship of the merchandise they sell, whereas distributors act as the intermediate between brand owners and consumers and make profits by earning the margin.

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According to the Frost & Sullivan Report, China's retail market has registered moderate growth between 2017 and 2021 at a CAGR of 9.2% and increased from RMB15.0 trillion in 2017 to RMB21.3 trillion in 2021. As China's consumption environment and consumers' needs are constantly evolving, traditional offline brand owners and distributors are reformulating their strategies to attract and retain their consumers. Usually, they choose to embrace the digitalisation transformation to expand their business and stretch their network. Thus, China's retail market is estimated to increase at a CAGR of 6.4% from RMB21.3 trillion in 2021 to RMB29.2 trillion in 2026.

China's Retail Market

By Category

According to the Frost & Sullivan Report, China's retail market is categorised into four segments by product category, namely FMCG⁽¹⁾, durable goods⁽²⁾, agricultural means of production⁽³⁾, and others⁽⁴⁾. China's retail market is entering a relatively mature stage and raises a variety of new retail formats and brands.

Attributable to the development of e-commerce in the last decades, the retail market in China in terms of revenue reached RMB21.3 trillion in 2021 with a CAGR of 9.2% between 2017 and 2021. During the same period, FMCG was the leading segment of the China's retail market in terms of revenue, with a CAGR of 5.2%, increasing from RMB9.8 trillion in 2017 to RMB12.0 trillion in 2021. With new retail brands emerging in the market, the FMCG segment is projected to reach RMB14.6 trillion in 2026 with a CAGR of 4.1% between 2021 and 2026. With the increasing level of purchasing power, the durable goods segment is estimated to grow fast with a CAGR of 8.9% from 2021 to 2026 and achieve RMB9.1 trillion by 2026.

Notes:

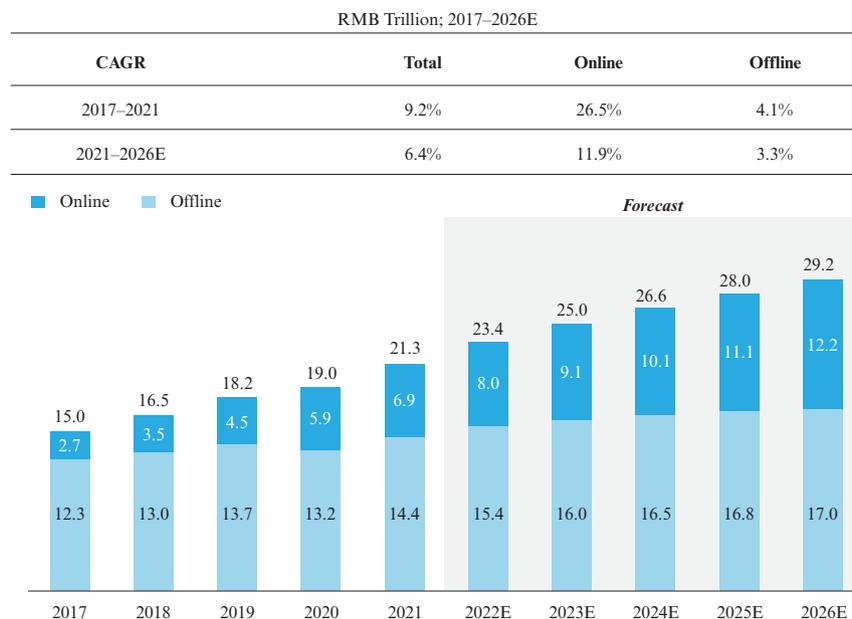
- (1) FMCG (Fast-moving consumer goods) include non-durable household goods such as foods, beverages, cosmetics, tobacco, and other consumables.
- (2) Durable goods include home appliances, consumer electronics, furniture, sports equipment, jewellery, and homebuilding and renovation materials.
- (3) Agricultural means of production include chemical fertilisers, pesticides, and machinery.
- (4) Others include vehicles and automobile parts, clothing, pet supplies, over-the-counter drugs and other products.

INDUSTRY OVERVIEW

By Channel

According to the Frost & Sullivan Report, China's retail market is categorised into online and offline channels. Benefiting from the well-established internet infrastructures and the fast development of the e-commerce economy, online channels is the fast-growing segment in the market and increased rapidly at a CAGR of 26.5% from RMB2.7 trillion to RMB6.9 trillion from 2017 to 2021. Offline channels represented a majority of the market, increasing from RMB12.3 trillion in 2017 to RMB14.4 trillion in 2021 at a CAGR of 4.1%. With the increasing costs of acquiring and retaining consumers in the online channel and deeper and more tangible consumer experience in the offline channel, the offline retail market is expected to remain larger than the online retail market, and is projected to reach RMB17.0 trillion by 2026, registering a CAGR of 3.3% from 2021 to 2026, while the online retail market is expected to increase to RMB12.2 trillion by 2026, registering a CAGR of 11.9% during the same years. The following chart illustrates the historical and projected market size in terms of the revenue of China's retail market breakdown by channel from 2017 to 2026.

Retail Market Size by Channel, China



Note: the market size refers to the sum of revenue generated by retail service providers.

Source: Frost & Sullivan Analysis and Estimates

Retail Market Challenges Analysis

- Fragmented Distribution Network.** In terms of the distribution channels, China has rather fragmented retail networks due to its wide territorial distribution. The vast majority of the distribution networks are individually owned by small retail stores, and the management of such distribution networks is relatively labour-intensive. In order to improve efficiency, the traditional distribution systems are seeking the possibilities to be integrated so as to create the economies of scale to maximise its value on the existing long value chain.

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- *Information Asymmetry in the Value Chain.* Brand owners in the retail market mainly focus on the production of standardised merchandise on a large scale. However, given that brand owners are at the back-end of the retail value chain, they usually lack first-hand information on the consumer side as to their needs and preference. It is due to such information asymmetry that those brand owners have considerable difficulties in figuring out the actual demand of consumers from the retail sellers, as the relay of information will have to pass through multi-layers and diverse types of distribution channels.
- *Deferred Information Flow.* As for widespread and scattered retail networks, brand owners are also generally not able to adjust their promotional activities in a timely manner due to different spending patterns and consumer behaviours in different locations and the long distribution process. In order to solve these problems, back end brand owners have been striving to navigate real situations at retail storefronts (i.e. points of sale).

COVID-19 Impact Analysis

- *Online Channels Experienced a Significant Boost.* The offline retail market experienced considerable impact since a number of retail stores were closed in 2020 due to the government lockdown policies to stop the spread of COVID-19. Meanwhile, from the consumers' perspective, people spent more time staying at home and had greater exposure to the internet, gradually forming the habit of shopping online. In addition, an escalating proportion of traditional brand owners cooperating with retail support service providers to quickly develop their online channels as well to sustain their businesses, and as a result, the online retail market experienced a significant boost since 2020.
- *An Increasing Number of Companies Recognise the Importance of Adopting Digital Technology.* Negatively affected by the pandemic, the retail market experienced the shutdown of factories and the delay of logistics in 2020 and 2022. A great number of the traditional brand owners recognise the necessity to adopt digital transformation as their businesses were stagnant due to the lack of digitalisation. Subsequently, they are more willing to work in collaboration with retail support services providers that allow brand owners to better monitor the procurement, logistics, sales and marketing to reduce unnecessary costs.
- *The Integration of Online and Offline Channels is Accelerated.* As the increasing digitalisation trend was accelerated during the pandemic, the retail market becomes more consumer-centred. As more and more brand owners incorporate retail services in their businesses, they not only are able to improve consumer experience in offline channels but also flourish their business by involving online channels as a supplement distribution channel. Empowered by advanced digital technologies, brand owners in the market are able to capture consumer needs to better tailor products and improve operation efficiency.

Impact Analysis of Policy Relaxation on COVID-19

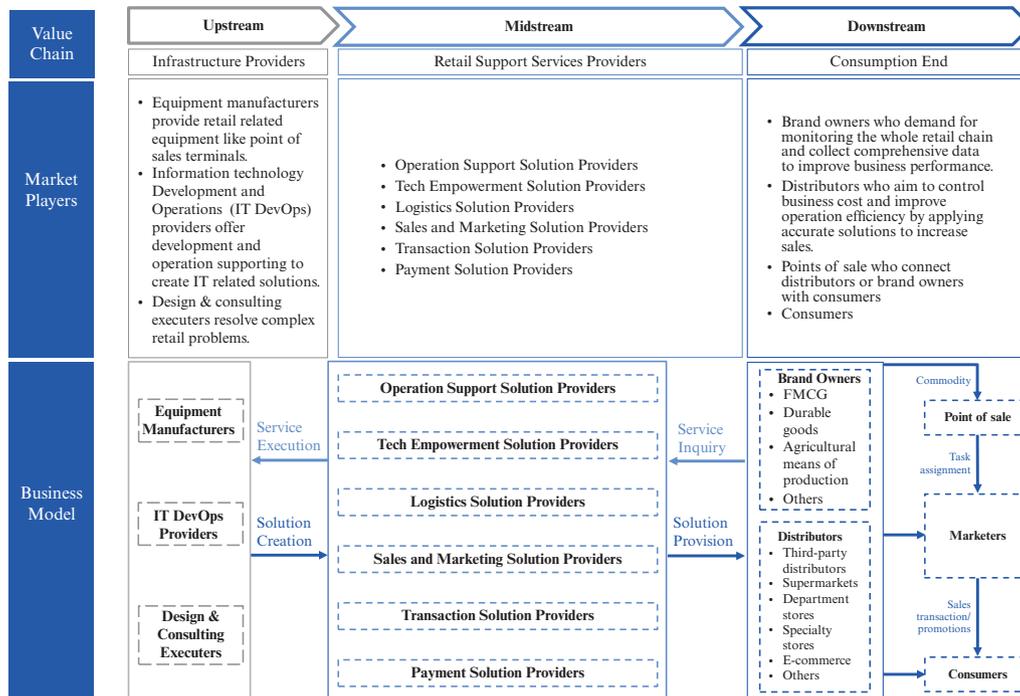
The PRC authorities first released the “Ten New Guidelines” on 7 December 2022, following the release of “The 20 Measures” on 11 November 2022, in order to accelerate the economic recovery and resume normal operations of the society. Furthermore, on 26 December 2022, the National Health Commission announced that COVID-19 will be formally downgraded from a Category A to Category B infectious disease starting from 9 January 2023, which means that there will be no quarantine measures and travel restrictions. The sudden relaxation of national COVID-19 policies in one month did lead to the soaring of infections in late December 2022 and early January 2023 and some offline activities were affected due to the shortage of labour. However, as PRC authorities are spending more resources to support China’s existing medical system and assure adequate medical supplies, it is anticipated that the adverse

INDUSTRY OVERVIEW

impact will be short-term. In the foreseeable future, according to “Domestic Demand Expansion Strategy for the “14th Five-Year Plan” Period” that the State Council released on 31 December 2022, the vital role of spending and domestic demand is strengthened, the government plans to comprehensively promote spending and domestic demand, and accelerate the cultivation of new types of spending and domestic demand which encourages traditional offline businesses to embrace digital transformation and operation upgrading. In addition, PRC authorities also released favourable fiscal policies to promote spending and domestic demand from both of the investment perspective and residents spending perspective. In return, the retail market, which is highly impacted by spending and domestic demand, is also predicted to rebound back to its original growth path before 2020, so as to the retail support service market.

China’s Retail Support Services Market

Retail support services are deeply integrated into all aspects of the retail market by matching supply with demand, improving the efficiency of product distribution, simplifying the transaction process, enhancing information transparency and accuracy, exploiting consumers’ potential needs, and empowering the interactions between brand owners or distributors and consumers. With the distinctive development of China’s retail market and the rapid technology advancement, China’s retail support services market has experienced explosive growth in recent years. In addition, the landscape of China’s retail support services market is gradually upgrading since digitalisation has encouraged different types of players entering into the market and offer diversified services for retail brand owners and distributors. The following chart illustrates the value chain analysis of the retail support services market:



INDUSTRY OVERVIEW

There are six main types of retail support services, namely sales and marketing services, transaction services, payment services, logistics services, technology empowered services and operation support services.

- *Sales and marketing services*: the action of promoting and selling merchandise by effectively delivering commodity information, and market players include advertising companies and marketing agents.
- *Transaction services*: the service of providing a platform (brick-and-mortar or virtual, such as malls, supermarkets and e-commerce platforms) for brand owners to display merchandise and complete transactions.
- *Payment services*: the means of currency transferring for participants (such as through banks, third-party payment institutions, etc.) in retail market.
- *Logistics services*: the method of transporting commodities from brand owners to end consumers. It includes warehousing, logistics management, distribution management, and transportation like express and community delivery services.
- *Technology empowered services*: the technique of leveraging data and IT infrastructure, such as big data analytics, AI analytics, business intelligence (BI), cloud services, information technology, etc., to improve operational efficiency and ultimately enhance sales.
- *Operation support services*: the practice of reducing the operational stress of brand owners by offering outsourced service packages, such as human resources, training programmes, maintenance of platforms, etc.

By Category

According to the Frost & Sullivan Report, China's retail support services market in terms of revenue increased from RMB5.9 trillion in 2017 to RMB7.9 trillion in 2021 at a CAGR of 7.6% during the last five years. The slight shrinkage in 2020 was mainly offset by the continuing growth in sales and marketing services and technology empowered services markets. From 2021 to 2026, the retail support services market in terms of revenue is expected to increase to RMB11.0 trillion at a CAGR of 6.8% in the next five years. In particular, the sales and marketing services is a significant category, accounting for over 50% of retail support services market, coupling with an stable CAGR of 9.0% from 2017 and 2021.

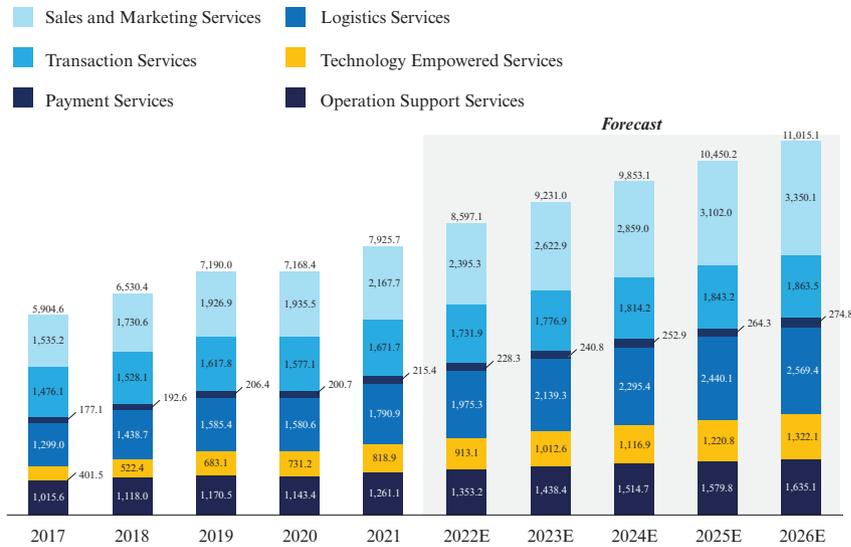
INDUSTRY OVERVIEW

The following chart illustrates the historical and projected market size in terms of the revenue of China's retail support service providers by category from 2017 to 2026.

Retail Support Services Market Size by Category, China

RMB Billion; 2017–2026E

CAGR	Total	Sales and Marketing Services	Transaction Services	Payment Services	Logistics Services	Technology Empowered Services	Operation Support Services
2017–2021	7.6%	9.0%	3.2%	5.0%	8.4%	19.5%	5.6%
2021–2026E	6.8%	9.1%	2.2%	5.0%	7.5%	10.1%	5.3%



Note: the market size refers to the sum of revenue generated by retail support service providers.

Source: Frost & Sullivan Analysis and Estimates

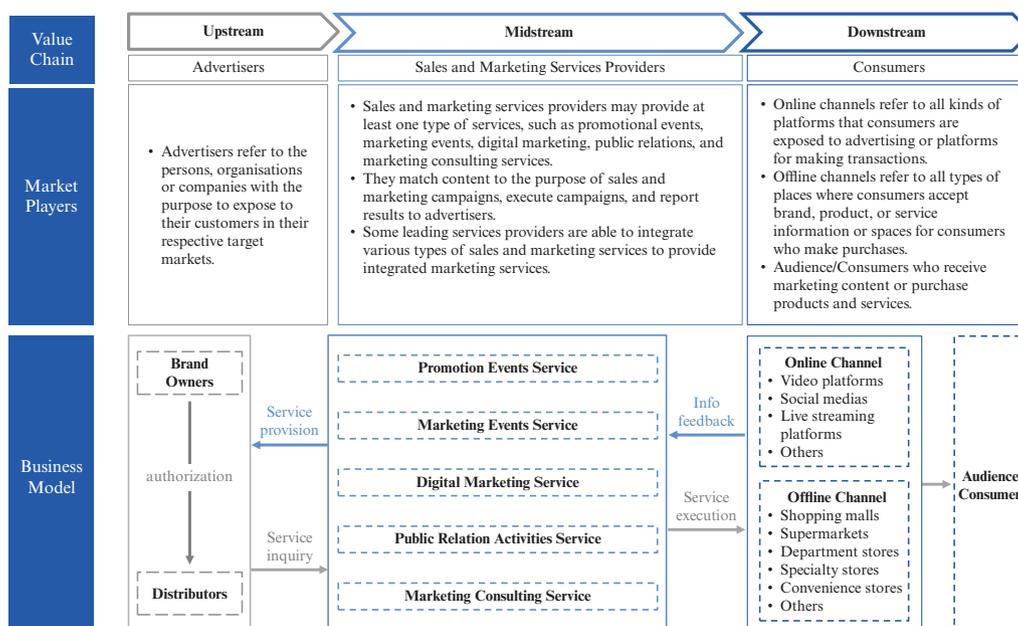
China's Retail Sales and Marketing Services Market

Value Chain Analysis

Retail sales and marketing services providers generally provide their competitive mix of tactics, methods, channels, media, and activities based on their resources or brand owners'/distributors' requirements, so that all work together as a unified force. It is a process designed to ensure that all strategies are consistent across all channels and are centred on the customer in order to achieve the purposes that brand owners/distributors set in advance. In addition, all information could be reflected to brand owners or distributors. However, there are some hurdles to influence the accuracy of information and timeliness of delivery. Briefly, the participants in the value chain of China's retail sales and marketing

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services providers' market consist of advertisers, sales and marketing services providers, audiences or consumers. The following chart illustrates the value chain analysis of the retail sales and marketing services market:



For brand owners or distributors in the retail industry, sales and marketing strategy is a long-term and forward-looking approach to planning with the fundamental goal of achieving sustainable business growth. Under such circumstances, an increasing number of brand owners or distributors demand professional sales and marketing services to build a positive social reputation and promote the sales of products and services. In the past five years, the market size of the retail sales and marketing services market in China in terms of revenue experienced fast growth at a CAGR of 9.0% between 2017 and 2021, increasing from approximately RMB1,535.2 billion to approximately RMB2,167.7 billion. The emergence of media resources in various marketing channels and the rise of digitalization are likely to greatly assist brand owners or distributors to select the most effective and professional sales and marketing services providers and engage them at relatively low cost. By 2026, the market size of China's retail sales and marketing services market in terms of revenue is forecasted to reach approximately RMB3,350.1 billion, yielding a CAGR of 9.1% between 2021 and 2026.

By Category

In consistent with retail industry, the retail sales and marketing services can be categorised into FMCG, durable goods, agricultural means of production, and others. Among all categories under retail sales and marketing services market, FMCG sector holds the largest market share, accounting for approximately 58.2% in 2021. Between 2017 and 2021, the FMCG retail sales and marketing services market in terms of revenue increased from approximately RMB1,000.5 billion to approximately RMB1,261.5 billion, representing a CAGR of 6.0% during the period. The retail sales and marketing services market is generally relatively competitive, especially in the FMCG category, as the FMCG has sustained robust growth over the past years and attracted so many sales and marketing services providers to develop service matrix and tactics for them. Durable goods, in terms of revenue, presented the highest growth rate of 16.1% during the same period, increasing from approximately RMB340.2 billion in 2017 to approximately RMB617.6 billion in 2021. Undoubtedly, the pandemic posed huge negative impacts to offline activities in 2020, some retail sales and marketing service providers speeded up the digitalisation

INDUSTRY OVERVIEW

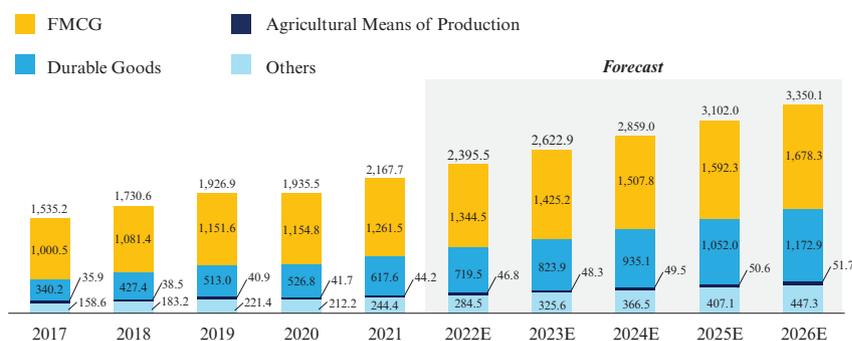
progress and enhanced the connection between online and offline sales and marketing services. With the resume of retail and offline commercials in the incoming years, the sales and marketing service providers are expected to achieve bigger growth potentials. In the perspective of FMCG product category in terms of revenue, it is projected to reach approximately RMB1,678.3 billion in 2026, attaining a stable CAGR of 5.9%.

The following chart illustrates the historical and projected market size in terms of the revenue of China's retail sales and marketing service providers by product category from 2017 to 2026.

Retail Sales and Marketing Services Market Size by Category, China

RMB Billion; 2017–2026E

CAGR	Total	FMCG	Durable Goods	Agricultural Means of Production	Others
2017–2021	9.0%	6.0%	16.1%	5.4%	11.4%
2021–2026E	9.1%	5.9%	13.7%	3.2%	12.8%



Note: The market size refers to the sum of revenue generated by sales and marketing services providers.

Competitive Landscape

According to the Frost & Sullivan Report, China's retail sales and marketing services market is fragmented. The top five retail sales and marketing services providers took up approximately 23.4% of China's retail sales and marketing services market in 2021. With the rapid digitalisation transformation progress in recent years, China's retail sales and marketing services market is becoming more well-established and integrated, which would create long-term and positive impact on the development of retail market, in return. Further propelled by policies like National Economic and Social Development during the "14th Five-Year Plan" Period, instructed by the PRC government, creating a favourable development environment for starting new businesses, which creates new growth potentials for the retail sales and marketing services market. For the year ended 31 December 2021, the Group recognised revenue of RMB416.3 million, accounting for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021.

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Ranking of the Leading Retail Sales and Marketing Services Providers by Revenue (China), 2021

Ranking	Company Name	Revenue (RMB Billion)	Market Share
1	Company A ⁽¹⁾	175	8.1%
2	Company B ⁽²⁾	156	7.2%
3	Company C ⁽³⁾	65	3.0%
4	Company D ⁽⁴⁾	60	2.8%
5	Company E ⁽⁵⁾	51	2.4%

Source: Frost & Sullivan Analysis and Estimates

Notes:

- (1) Founded in 2012, Company A is a Beijing-based, non-listed internet technology company that provide platform-based content and sales and marketing solutions for advertisers.
- (2) Founded in 1999, Company B is a Hangzhou-based, New York Stock Exchange and Hongkong Stock Exchange-listed company that provides e-commerce platform services for customers and business entities, along with related sales and marketing services.
- (3) Founded in 1998, Company C is a Shenzhen-headquartered, Hong Kong Stock Exchange-listed company that offers communication tools and games. In addition, it uses its sales and marketing solutions to help advertisers reach to target audience.
- (4) Founded in 2000, Company D is a Beijing-headquartered, Nasdaq Stock Exchange and Hong Kong Stock Exchange-listed company that specialises in search engine and video platform services, which mainly generate revenues from its sales and marketing services.
- (5) Founded in 2000, Company E is a Beijing-headquartered, Nasdaq Stock Exchange and Hong Kong Stock Exchange-listed company that provides e-commerce platform services for customers and business entities, along with related sales and marketing services.

Source: Frost & Sullivan Analysis and Estimates

FMCG Retail Sales and Marketing Services Market

Due to the complex nature of FMCG business which involves diverse channels and enormous transaction scenario (both of online and offline channels), FMCG enterprises normally rely on sales and marketing services providers to assist them to reach and interact with target consumers on a daily basis considering the nature of FMCG's high consumption and purchase frequency. With the prevalence of digitalisation transformation in recent years, the growth of FMCG retail sales and marketing services market in terms of revenue increased from approximately RMB1,000.5 billion in 2017 to approximately RMB1,261.5 billion in 2021, representing a CAGR of 6.0% during the period. Further propelled by the rise of domestic FMCG brands from various channels and consumer groups, the retail sales and marketing services market in China is expecting burgeoning growth potential in the future. With increasing cost of implementing sales and marketing plans through online channels, the technology empowered offline sales and marketing service providers also continuously attract brand owners and distributors to enhance collaboration in the foreseeable future. In this customer-centric era, brand owners and distributors are

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expected to integrate online and offline to a new level. Under such circumstance, the market in terms of revenue is estimated to reach approximately RMB1,678.3 billion by 2026 with a CAGR of 5.9% between 2021 and 2026.

The following chart illustrates the historical and projected market size in terms of the revenue of China's FMCG retail sales and marketing service providers from 2017 to 2026.

FMCG Retail Sales and Marketing Services Market Size, China



Note: The market size refers to the sum of revenue generated by sales and marketing services providers from FMCG enterprises.

Major Market Drivers

Consumption Upgrades Prompt Demand for More Customised Marketing Services. The economic development and upgrade in China have contributed to higher disposable income and rising purchasing power of consumers, which in turn stimulate their consumption demand for different and new products that better align with their diverse social statuses, lifestyles and values. This shift in consumer behaviour prompts brand owners and distributors to increase their spending on retail sales and marketing services to formulate more targeted and customised marketing strategies to cater to the various needs and preferences of these consumers.

Fiercer Competition Drives Marketing Effectiveness Enhancement. Changes in product life cycles, customer preferences, and consumer demands cause brand owners and distributors to ensure the effectiveness of marketing to drive more sales. Thus, as competition in the retail industry intensifies, brand owners and distributors increasingly seek and are more and more willing to pay for retail sales and marketing services that focus on boosting the return on investment (ROI). It creates opportunities for retail sales and marketing services providers, which have a large pool of marketers and can effectively match the right marketers with the right tasks to enhance the effectiveness.

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Rising Demand for Offline Experience. In this era of the rapid upgrade of products, consumers are more inclined to buy products that they have positive offline trial experiences or have seen offline marketing efforts even if there are extensive online product exposures. Therefore, brand owners and distributors are eager to cooperate with retail sales and marketing services providers to develop profound offline sales and marketing initiatives and campaigns in order to attract and retain consumers. It expands the growth potential for service providers that offer trackable records for campaigns and sales, and deliver consumer-insights-based sales and marketing strategies.

Entry Barriers

- *Capital.* The reason that brand owners or distributors hire sales and marketing service providers is because these companies have relatively easier access to customers which is built through covering a wide range of media terminals and living scenario. In order to enter this industry and meet various needs of advertisers, significant media and human resources and the continuous investment on the development of technology place great demand on the level of initial investment for enterprises. Moreover, market players have to cover wide range of communities in the short-term which also requires large capital costs at the beginning and thus forming a capital barrier.
- *Database.* Due to the scarcity of media resources, the leading players in the industry are normally equipped with width and depth of sales and marketing data and target customer profiles. In addition, considering the complex nature of retail industry which covers a lengthy value chain, especially in FMCG category, service providers in the retail sales and marketing market generally have digitalisation capability so that they are able to provide in-depth analysis on performance based on accurate real-time data. While new entrants are likely to face limitation to provide such accurate information and fulfil clients' complex demands. In consequence, database barrier is created.
- *First-mover Advantage.* Retail industry has experienced substantial growth in China in the past years. Nowadays, retail brands have cooperated with established sales and marketing companies who possess valid resourceful network so as to track marketing performance on a long-term basis. Also, these sales and marketing companies have built industry knowhow and deep understanding in respect of brand operation, products, and target customers during cooperation. In addition, the well-established client resources also provide a continuous and stable cash flow for market players, thus posing a first-mover advantage barrier to new entrants in the industry.
- *Experience.* Possessing qualified and experienced management capability and service professionals are key success factors for sales and marketing companies as outstanding talents are able to quickly provide sales and marketing solutions due to their experience and business acumen. Meanwhile, these talents are much likely to handle business development and collaborate with technology teams to integrate technology empowered sales and marketing tools or service innovations. Industry expertise and experience require sufficient and long-term accumulation that a new entrant may not be able to afford or develop such capability in the short term.

Future Trends

- *Further Expansion of Publishing Channels and Media Resources.* Given the consolidation and business expansion of media companies and Internet conglomerates, media platforms have developed a landscape in which mainstream media platforms have massive customer traffic. To increase awareness, advertisers tend to advertise heavily on mainstream platforms such as popular search engines and social media. To some extent, the cost of implementing sales and marketing plans through online channels is increasing in recent years, giving sales and marketing services providers

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more opportunities in offline channels. Due to the longevity of media resources and the continuous diversification of technology enabled tools and platforms, it is expected that offline channels and media resources will expand and diversify in the future to meet the needs of various advertisers.

- *Growing Demand from Various Product Sectors.* Attributable to robust economic foundation and the rise of Chinese enterprises, Chinese advertisers' demand for sales and marketing service has increased significantly. Advertisers have gradually expanded to offer various production or service innovation which contribute new growth potentials to retail sales and marketing industry. And traditional retail brands gradually develop awareness of brand image management and focus more on how to improve their sales targets. The rise of domestic FMCG brands will also lead the growth of sales and marketing service industry. It is expected that the type of advertisers will continue to increase. In the long term, sales and marketing services providers will continue to help advertisers capture the value of their customer base and strengthen their monetisation capacity.
- *The Prevalence of Marketing Technology for Integrated Service Capability.* Technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalize their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven.
- *Performance Based Advertising become Increasingly Favourable.* Technology has radically changed the marketing industry, giving advertisers the ability to target potential consumers very specifically. Advertisers are able to aggregate search data and social media data to create an accurate customer profile and determine whether or not they are being targeted. As digitalization proliferates, both advertisers and sales and marketing services providers are expected to shift their focus from single channel, either offline or online, to omni-channel. In addition, advertisers will become increasingly performance-driven since there is a possibility that they can collect real-time information. In the future, the proliferation of marketing technologies is expected to further help advertisers improve the efficiency and effectiveness of their campaigns to maximise ROI, sales volume, and profitability.

Threats and Challenges

- *Fierce market competition.* The sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection in terms of efficiency, accuracy, and reflection speed covering various channels and more complicated sales and marketing scenario, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions, so that they are able to provide more comprehensive service solutions to gain higher market recognition and expand businesses.

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- *Occasional decline in marketing spending.* Occasional decline in marketing spending by brand owners or distributors is experiencing a downturn, due to the COVID-19. Cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing spending. These brand owners tend to have fewer marketing budgets available and become more cautious in allocating resources to marketing campaigns. As a result, market players in the integrated marketing services market may face increasingly fierce competition for limited customer resources.

Opportunities and Potentials

- *Technology can empower traditional sales and marketing services with relatively low cost.* The proliferation of media channels, including the rapid development and integration of interactive technologies and digital media, has made it possible for brand owners or distributors to clearly profile customers. In addition, with the help of big data, sales and marketing companies are able to obtain various valuable insights of data flow, marketing effects, sales volume, and so forth. In turn, it helps a great amount of business opportunities for the sales and marketing services providers, who are capable of providing evaluation of different sales and marketing events. Moreover, it will not be costly for them to cover various kinds of sales and marketing services since they could also adopt cloud technology to support their execution of sales and marketing campaigns.
- *Proficiency enhances collaboration between advertisers and sales and marketing services providers.* With experience and expertise, many sales and marketing services providers have become more familiar with the effectiveness of different types of sales and marketing campaigns towards target customers. On the other hand, advertisers understand that the effectiveness and efficiency of the collaboration between advertisers and services providers significantly determines the performance of market campaigns. Therefore, a sustainable and mature cooperation between both sides can ensure the long-term development for both participants.

OVERVIEW OF CHINA'S SaaS INDUSTRY

The construction of basic infrastructures promoted by the government's policies significantly improve the performance of SaaS products. Further accelerated by the COVID-19 pandemic, more enterprises begin to actively participate in the application of such software delivery model as they recognised the benefits of reduced cost and enhanced profitability brought about by SaaS products. According to the Frost & Sullivan Report, from 2017 to 2021, China's SaaS market in terms of revenue increased from RMB11.6 billion to RMB44.3 billion at a CAGR of 39.8%. As the market becomes increasingly competitive, SMEs are increasingly adopting SaaS products due to their capital-light and easy-to-use features.

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The following chart illustrates the historical and projected market size in terms of the revenue of China's SaaS providers from 2017 to 2026.

SaaS Market Size, China



Note: the market size refers to the sum of revenue generated by SaaS service providers.

Source: Frost & Sullivan Analysis and Estimates

By virtue of SaaS products, brand owners and distributors are able to better track and analyse comprehensive consumer and business information at a lower cost, delivering marketing activities that efficiently increase traffic and retain consumers. With the technological advancement going forward, such trend is expected to prevail among traditional companies as the price and capabilities of SaaS products become more affordable and crucial to the development of their business. Thus, the market in terms of revenue is expected to increase at a CAGR of 31.3% to RMB173.0 billion by 2026.

Major Market Drivers

- *Development of basic infrastructures and advanced technologies provide better user experience and efficiency.* The development of basic infrastructures significantly improves the internet speed and connection stability which, in turn, creates an ideal environment in which the SaaS products are able to operate smoothly. After years of development, the performance of SaaS products has been drastically improved as compared with traditional software. Coupled with its unique advantages, such as customised, easy-to-use and capital-light features, they are becoming a better alternative than traditional software.
- *Transformation of traditional software companies.* Traditional software companies have to conduct frequent installations for updates and extensions, which are costly to both the users and the software providers. Recognising the flexibility and the growth potential of SaaS products, a number of traditional software companies have instantly initiated their SaaS businesses in the past several years. In addition, traditional software companies possess valuable client resources, and hence are able to easily expand their SaaS business to take advantage of the expanding SaaS market in China.

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- *Low-cost SaaS products are particularly suitable for small and mid-sized companies under the digitalisation trend.* Given that the return on the marketing costs on mainstream shopping platforms has been barely profitable, small and mid-sized brand owners and distributors begin to collaborate with retail support service providers to establish their own private traffic on their own platforms to enhance profitability. In addition, compared with the traditional software that requires a considerable upfront payment and complex maintenance and operation responsibilities, SaaS products usually charge their users based on a flexible and relatively much cheaper subscription fee. Thus, an escalating number of small and mid-sized brand owners and distributors consider SaaS products as an appropriate and efficient tool for them to participate in the digitalisation trend to reduce unnecessary costs and enhance profitability.

Future Trends

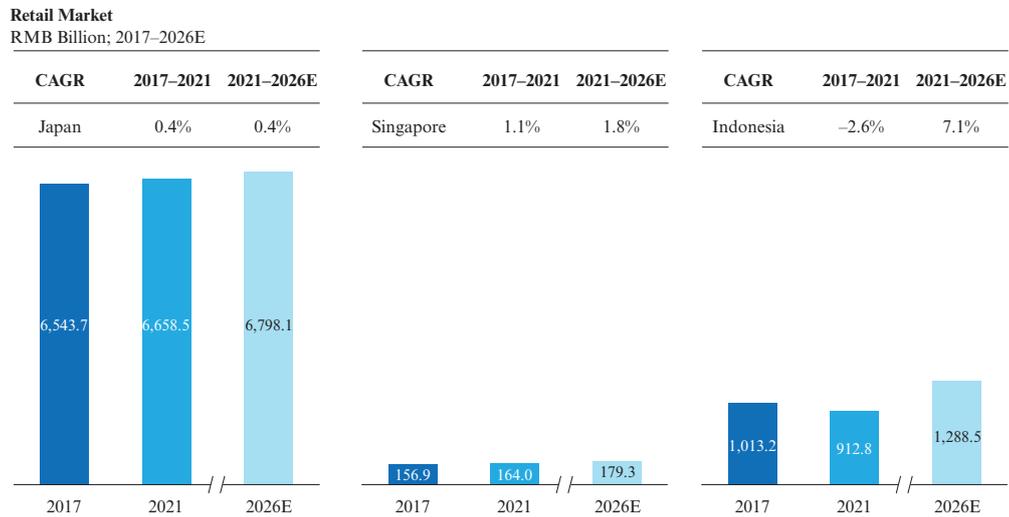
- *Bipolar development of standardisation and personalisation.* The emergence of SaaS products helps minimise redundant work and subsequently improve efficiency in the industry. As the entry barriers of the standardised SaaS market are relatively low and the new entrants have few competitive advantages, an increasing number of new SaaS market entrants have to differentiate themselves to stand out. In general, they utilise their industry experience through providing personalised SaaS products to meet clients' fragmented needs. As the personalisation trend in the SaaS market begins to prevail, the service characteristics of SaaS is expected to become more evident in the future.
- *Diversified expansion of the SaaS market.* The variety of SaaS products are expected to boom in the future. Vertical SaaS products, which focuses on a particular industry, have begun to increase over the past few years and are anticipated to sustain such momentum in the next several years. In addition, as the SaaS model requires less upfront capital investment, more companies, especially small and mid-sized enterprises, are projected to participate in the digitalisation trend through the application of horizontal SaaS products which provide basic or general standardised products for enterprises for supporting single or multiple specific functions in business.
- *The integration of standardised SaaS products.* As more and more enterprises choose SaaS products to promote their digitalisation progress, SaaS product providers began to either launch their own software platforms, or release their own standardised SaaS products. For one thing, the integration of SaaS and its development platforms can unify various isolated SaaS products. In addition, such integration accelerates the development of the platform, and in turn, elevated the R&D efficacy. In the future, certain SaaS development platforms launched with low or little coding requirements are expected to significantly simplify the SaaS development process and enhance the rapid expansion of the SaaS market. Along with the integration of SaaS and its development platforms, various forms of SaaS products are anticipated to emerge.

RETAIL MARKET OF JAPAN AND MAJOR ECONOMIES IN SOUTHEAST ASIA

The development of Asia's retail market is partly driven by the steady growth of the retail market in Japan, Singapore in addition to China. Considering robust economic outlook, large population sizes, and steady political environment, the retail market in these countries would sustain the momentum and also brew the development of the retail support services market, making it an opportunity for retail brand owners and retail support services providers. Since Singapore and Japan are relatively mature markets, the market sizes of two countries in terms of revenue are projected to grow from approximately RMB164.0 billion and RMB6.7 trillion in 2021, respectively, to RMB179.3 billion and RMB6.8 trillion in 2026, respectively. Furthermore, the retail sales and marketing service markets in the aforementioned nations (Japan, Singapore and Indonesia) have a relatively fragmented domestic competitive landscape. In

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In addition, some well-established foreign retail sales and marketing service providers operate in these nations. The following charts illustrate the historical and projected retail market sizes in Japan, Singapore and Indonesia:



Note: the market size refers to the sum of revenue generated by retail service providers.

Source: Frost & Sullivan Analysis and Estimates

REGULATORY OVERVIEW

This section sets forth a summary of the most significant laws and regulations that affect our business activities in China.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN THE PRC

Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was latest amended by the SCNPC on 26 October 2018 and became effective on the same day, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC. Furthermore, the Draft Amendment to the Company Law (《中華人民共和國公司法(修訂草案)》) was released to seek public comments on 24 December 2021 and proposed to improve the system for company registration and facilitates the establishment and exit channels of companies, to offer greater autonomy for companies in terms of corporate structure, improve the capital system for companies, boost the responsibility system of company shareholders and management personnel, and highlight social responsibility efforts of enterprises. As of the Latest Practicable Date, the Draft Amendment to the Company Law has not been formally adopted.

Pursuant to the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council on 11 February 2002 and took effect on 1 April 2002, industries in the PRC are classified into four categories: permitted, encouraged, restricted and prohibited. Encouraged, restricted and prohibited foreign investment projects are stipulated in the Guideline Catalogue of Foreign Investment Industries (《外商投資產業指導目錄》) (the “**Catalogue**”). Moreover, investments activities in China by foreign investors are principally governed by the Catalogue for the Encouragement of Foreign Investment Industries (2020 Edition) (《鼓勵外商投資產業目錄(2020年版)》) and the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the “**Negative List**”), which were both promulgated by the MOFCOM and the NDRC and each became effective on 27 January 2021 and 1 January 2022. The Catalogue for the Encouragement of Foreign Investment Industries (2020 Edition) and the Negative List replace the Catalogue and set forth the industries in which foreign investments are encouraged, restricted and prohibited. Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other PRC rules and regulations.

As advised by our PRC Legal Adviser, the current four types of services including (i) customised marketing solution; (ii) tasks and marketers matching service; (iii) marketers assignment service; and (iv) SaaS+ subscription operated by the Group during the Track Record Period do not constitute operational internet information services which refers to the provision with charge of payment of information through internet to web users and therefore does not require an ICP certificate, or fall within any other restricted or forbidden foreign-invested industries under the relevant PRC laws and regulations, based on the following:

- (i) With regard to the Group’s customised marketing solution, such business is mainly carried out offline and the Group does not charge for information provided to the customer and hence does not involve operational Internet information services.
- (ii) With regard to the tasks and marketers matching service, the digitalised tools involved are operated through WeChat mini programme (微信小程序) and WeChat Official Account (微信公眾號). The Group does not charge the customers and the marketers for the information published in these digitalised tools and they could freely access the relevant information; thus, this business does not involve operational Internet information services. Meanwhile, upon our consultation with Shanghai Communications Administration, we were informed that such business operated by the Group through the WeChat mini programme and the WeChat Official Account does not require an ICP certificate.

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- (iii) Finally, with regard to the Group's marketers assignment service and SaaS+ subscription, the customers subscribe our digitalised tools to support their business and operations and such subscriptions do not involve any charges for information provided to the customer; therefore, it does not involve operational Internet information services. Moreover, after consulting the Shanghai Communications Administration (上海市通信管理局), it is confirmed that the digital sales and marketing services and SaaS business operated by the Group do not constitute the operation of Internet information services, and it is not necessary for the Group to obtain an ICP certificate.

On 15 March 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which became effective on 1 January 2020 and replaced the three old rules on foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》). The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection, and administration of foreign investments in view of investment protection and fair competition. Moreover, the Foreign Investment Law grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the Negative List. And the state will take measures to prompt foreign investment such as ensuring fair competition for foreign-invested enterprises to participate in government procurement activities, and protection of intellectual property rights of foreign investment. Besides, the state shall protect foreign investors' investment, earnings and other legitimate rights and interests, such as free remittance of capital contribution, profits, capital gains, assets disposal income, intellectual property licence fees, legally-obtained damages or compensation, liquidation proceeds, etc.

Furthermore, on 26 December 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020, and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》), and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》). The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimise foreign investment environment, and advances a higher-level opening.

On 30 December 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020 and replaced the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Pursuant to the Measures for Information Reporting on Foreign Investment, since 1 January 2020, for carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce administrative authorities through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) pursuant to these measures.

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On 19 December 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on 18 January 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the “**Office of the Working Mechanism**”) is established under the NDRC, undertakes the daily work of foreign investment security review. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defence, and investments in areas surrounding military facilities and military industry facilities; or (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target even when it holds less than 50% equity interests in the target, or (iii) has material impact on target’s business decisions, human resources, accounting and technology.

LAWS AND REGULATIONS RELATING TO MARKETING BUSINESS

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”) was promulgated by the SCNPC on 27 October 1994 and latest amended on 29 April 2021, which stipulates that within the territory of the PRC, commercial advertising activities in which commodity operators or service providers directly or indirectly introduce the commodities or services they promote through certain media and forms shall be governed by the Advertising Law. Furthermore, advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business.

On 4 July 2016, the SAIC (since March 2018 known as the SAMR) promulgated the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) which became effective on 1 September 2016. The Interim Measures for the Administration of Internet Advertising regulates any advertisement published on the internet, including but not limited to, those on websites, webpage and APPs, those in the forms of word, picture, audio and video. Moreover, internet information service providers must stop any person from using their information services to publish illegal advertisements if they are aware of, or should reasonably be aware of, such illegal advertisements even though the internet information service provider merely provides information services and is not involved in the internet advertisement businesses. The following activities are prohibited under the Interim Measures for the Administration of Internet Advertising: (i) providing or using applications and hardware to block, filter, skip over, tamper with, or cover up lawful advertisements provided by others; (ii) using network access, network equipment and applications to disrupt the normal transmission of lawful advertisements provided by others or adding or uploading advertisements without permission; or (iii) harming the interests of others by using false statistics or traffic data.

On 25 February 2023, the SAMR promulgated the Measures for the Administration of Internet Advertisement (《互聯網廣告管理辦法》), which will take effect on 1 May 2023 and simultaneously repeal the Interim Measures for the Administration of Internet Advertising. Such measures explicitly include commercial advertisements and cross-border e-commerce advertisements that directly or indirectly promote goods or services through online live streaming; further strengthen the system provisions in areas such as “one-click closure” of pop-up advertisements and implanted advertisements, and strengthen the responsibility of relevant subjects, etc.

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LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND PRIVACY PROTECTION

Information Security

Internet content in the PRC is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC on 28 December 2000 and amended with immediate effect on 27 August 2009, makes it unlawful to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

Pursuant to the Decisions 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 2012 and the Protection Provisions for the Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT in 2013, telecommunication business operators and internet service providers are required to set up their own rules for collecting and use of internet users' information and are prohibited from collecting or using such information without consent from users. Moreover, telecommunication business operators and internet service providers shall strictly keep users' personal information confidential and shall not divulge, tamper with, damage, sell or illegally provide others with such information.

On 4 February 2015, the CAC promulgated the Provisions on the Administrative of Account Names of Internet Users (《互聯網用戶帳號名稱管理規定》), which became effective as of 1 March 2015, setting forth the authentication requirement for the real identity of internet users by requiring users to provide their real names during the registration process. In addition, these provisions specify that internet information service providers are required by these provisions to accept public supervision, and promptly remove illegal and malicious information in account names, photos, self-introductions and other registration-related information reported by the public in a timely manner.

On 1 July 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day. The National Security Law of the PRC provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

Pursuant to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the SCNPC on 7 November 2016 and became effective from 1 June 2017, those who build and operate the network or provide services through the network, should be in accordance with the provisions of laws, administrative regulations and mandatory requirements of national standards, to take technical measures and other necessary measures to ensure network security, stable operation, effective response to network security incidents, prevent network criminal activities, and maintain the integrity of network data, confidentiality and availability.

On 10 June 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) to regulate data processing activities and security supervision in the PRC, which became effective on 1 September 2021. Pursuant to the PRC Data Security Law, data processing activities should be carried out in accordance with the laws and regulations, establish and improve the whole process of data security management system, the organisation of data security education and training, take appropriate technical measures and other necessary measures to protect data security. The use of the internet and other information networks to carry out data processing activities, should be based on the network security

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multi-level protection scheme, to fulfil the above data security protection obligations. Important data processors should specify the person responsible for data security and management agencies, the implementation of data security protection responsibilities. Data processing activities should be carried out to strengthen risk monitoring and conducive to promoting economic and social development, enhance the well-being of the people, in line with social morality and ethics. Moreover, the PRC Data Security Law provides for a national data security review system, under which data processing activities that affect or may affect national security are subject to review. Any organisation or individual who conducts data processing activities in violation of the PRC Data Security Law shall bear the corresponding civil, administrative or criminal liability depending on the specific circumstances.

According to the Provisions on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated on 13 December 2005 by the Ministry of Public Security, came into effect on 1 March 2006, internet service providers and networking entities should implement the following internet security protection technical measures: (a) the technical measures for preventing computer viruses, network intrusion and attack damage and other matters or acts that endanger network security; (b) important databases and systems of major equipment redundant backup measures; (c) technical measures for recording and retaining the users' login and exit time, caller ID, account number, internet address or domain name, log files of system maintenance; (d) any other technical measures for internet security protection to be implemented as prescribed by any law, regulation or rule. Furthermore, the technical measures for record retention implemented by internet service providers and networking entities in accordance with the Provisions on Technological Measures for Internet Security Protection shall have the function of keeping records as a backup for at least 60 days.

On 6 July 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) (the “**Combating Illegal Securities Activities Measures**”), which stressed on improving the laws and regulations on data security, cross-border data flow and management of confidential information, speeding up the revisions to Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》) to increase the accountability of entities listed outside the mainland of the PRC to information security, enhancing standardised management of mechanism and procedure for cross-border data transfer, and enhancing the cooperation of cross-border audit supervision.

On 17 August 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulation**”), which became effective on 1 September 2021. According to the CII Regulation, a critical information infrastructure, or CII, refers to an important network facility or information system in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defence technology industry, etc., and CII also refers to other important network facility and information system that may seriously endanger national security, national economy and the people's livelihood, and public interests in the event of damage, loss of function, or data leakage. The competent departments and supervision and management departments of the aforementioned important industries and fields are the departments responsible for the CII security protection work. They will be responsible for organising the identification of CIIs in this industry or field in accordance with the identification rules, promptly notify the critical information infrastructure operators (the “**CIIO(s)**”) of the identification results, and notify the public security department of the State Council. As of the Latest Practicable Date, the responsible authorities have not promulgated any implementation provisions or identification rules of CII and we have not received any notification from relevant regulatory authorities regarding our identification as a CIIO.

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On 31 December 2021, the CAC, the MIIT, the Ministry of Public Security, the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which became effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, and stipulates that algorithm recommendation service providers with public opinion attributes or social mobilisation capabilities shall file with the CAC within ten business days from the date of providing such services.

On 27 June 2022, the CAC promulgated the Provisions on the Administrative of Account Information of Internet Users (《互聯網用戶帳號信息管理規定》), which will take effect on 1 August 2022. These provisions apply to the registration, use, and management of internet users' account information by internet information service providers. These provisions stipulate that internet information service providers must, among other things, equip themselves with professional and technical capabilities appropriate to the scale of services, establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems. These provisions also require that the internet information service providers should protect and handle internet users' account information in accordance with law, and take measures to prevent unauthorised access, as well as leakage, tampering, and loss of personal information. The internet information service providers shall set up a convenient portal for complaints and whistleblowing at an eye-catching position, release the ways of complaints and whistleblowing, improve the acceptance, screening, disposal and feedback mechanisms, specify the handling process and feedback time limit and timely handle the complaints and whistleblowing of users and the public.

INFORMATION SECURITY IN RELATION TO NETWORK DATA SECURITY MANAGEMENT REGULATIONS (DRAFT FOR PUBLIC COMMENTS), MEASURES FOR CYBERSECURITY REVIEW AND MEASURES ON SECURITY ASSESSMENT OF CROSS-BORDER DATA TRANSFER

On 14 November 2021, the CAC promulgated the Network Data Security Management Regulations (Draft for Public Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Regulations on Network Data Security Management**”). According to Article 2 of the Draft Regulations on Network Data Security Management, the Draft Regulation on Network Data Security Management applies to the activities relating to the use of networks to carry out data processing activities within the territory of the PRC. Tian Yuan Law Firm is of the view that once the Draft Regulation on Network Data Security Management become effective in the current form, it will be applicable to certain PRC domestic entities of the Company. With respect to the requirements of the Draft Regulation on Network Data Security Management, the regulation stipulates that data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, reorganisation or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intend to be listed abroad; (iii) data processors seeking to be listed in Hong Kong that affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. Scenario (i) and (ii) do not apply to the Group. As to scenarios (iii) and (iv), given the criteria for the determination of “affect or may affect national security” as stipulated in Article 13 of the Draft Regulation on Network Data Security Management are still uncertain and subject to further elaboration by the CAC, the government authorities may have discretion in the interpretation for “affect or may affect national security”. If the regulatory authorities determine that the Company's proposed listing in Hong Kong or its data processing activities affect or may affect national security, it may be subject to cybersecurity review. As advised by Tian Yuan

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Law Firm, the likelihood of the Company's proposed listing in Hong Kong and its business operations being classified as one that affects or may affect national security is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Please see the paragraph below for detailed analysis.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”), which came into effect on 15 February 2022. According to Article 2 of the Cybersecurity Review Measures, CIIO purchasing network products and services, and network platform operators carrying out data processing activities which affect or may affect national security, are subject to cybersecurity review. Specifically, the obligations of voluntary filing for cyber security review must be fulfilled under two circumstances: (i) if a CIIO anticipates that its procurement of network products and services affect or may affect national security after the network products and services are put into use, it should apply for cyber security review to the Cybersecurity Review Office; and (ii) network platform operators possessing personal information of more than one million users that seek for listing in a foreign country must apply for cybersecurity review to the Cybersecurity Review Office.

Based on Tian Yuan Law Firm's opinion, the Group is of the view that the obligations of voluntary filings for cybersecurity review are not applicable to the Group on the basis that:

- (i) according to the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Protection Regulations**”), which became effective on 1 September 2021, CII refers to important industries and sectors such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and defence technology industries, as well as other major network facilities and information systems that once are damaged or lose their functions or data, may seriously endanger national security, national economy, the people's livelihood, and public interests. Moreover, the competent departments and supervision and management departments of important industries and sectors (“**CII Protection Work Departments**”) are responsible for the formulation of CII identification rules, identifying the CII in their respective industries and notifying the operators who are identified as CIIO on timely basis. As the Group is engaged in the provision of sales and marketing services and its business does not involve the relevant industries and sectors specified in the above regulations, it is not likely to be identified as a CIIO. As of the Latest Practicable Date, the Group has not received any notification from relevant regulatory authorities regarding its identification as a CIIO; and
- (ii) certain PRC domestic entities of the Group are network platform operators, however, the Group possesses personal information of less than one million users, and as advised by Tian Yuan Law Firm, “listing in Hong Kong” does not fall into the scope of “listing in a foreign country”. Furthermore, Tian Yuan Law Firm, was authorised by the Company to consult with the China Cybersecurity Review Technology and Certification Centre (the “**Centre**”) on 1 June 2022, which is delegated by the Cybersecurity Review Office of CAC and is competent to provide public consultation and accept submissions in relation to cybersecurity review. The consultation was made on a no-name basis but detailed description of the Group's business model and the Company's proposed listing in Hong Kong was communicated to the CAC officer during the consultation. During the consultation, the Centre informed Tian Yuan Law Firm that the Company is not required to apply for cybersecurity review for its proposed listing in Hong Kong since “listing in a foreign country” does not include “listing in Hong Kong”.

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However, the regulatory authorities can initiate cybersecurity review if they determine that the Group's data processing activities affect or may affect national security. Due to the fact that uncertainty remains as to the interpretation and applicability of the Cybersecurity Review Measures, especially the criteria for determining the risks that "affect or may affect national security", Tian Yuan Law Firm, cannot preclude the possibility that the risk factors may apply to the Group as network platform operator, however, the likelihood of its operations being classified as one that affects or may affect national security is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Detailed analysis as to whether the Group's business operations or the Company's proposed Listing may give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures is set forth below.

Article 10 of the Cybersecurity Review Measures focuses on the following factors in the assessment of national security risks:

- (i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of CII;
- (ii) the harm to CII business continuity of product and service supply disruptions;
- (iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors;
- (iv) product and service providers' compliance with Chinese laws, regulations, and department rules;
- (v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used and illegally exported;
- (vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and
- (vii) other factors that could harm CII security, cybersecurity and data security.

Scenarios (i)–(iv) mainly focus on supply chain security risks associated with CIOs purchasing specific network products and services. As of the Latest Practicable Date, the Group has not received any notification from CII Protection Work Departments regarding its identification as CIO and therefore, scenarios (i)–(iv) are not applicable to the Group.

As advised by Tian Yuan Law Firm, in terms of scenario (v), the Group is of the view that it is not likely to trigger scenario (v) on the basis that: (i) As confirmed by our Directors, as of the Latest Practicable Date, it has not experienced any material cybersecurity and data privacy incident including without limitation, data or personal information theft, leakage, damage, tampering, loss, and illegal use, or any claim from any infringement upon any third parties' right to data privacy; (ii) as the compliance status of the Group disclosed in the section headed "Business — DATA PRIVACY AND SECURITY" of the Prospectus, it has implemented a comprehensive set of internal policies, procedures, and measures to protect data from unauthorised access, disclosure, theft, leakage, damage, tampering, loss, illegal use, illegal export or other serious incidents and breaches; (iii) As confirmed by our Directors, as of the Latest Practicable Date, the user data collected by the Group within the territory of mainland China during its business operations has been stored within the territory of mainland China. Moreover, considering the

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definitions of “core data” and “important data” and the nature of the data the Group collected and generated during our business operations, such data is unlikely to be regarded as “core data” or “important data”; and (iv) during the Track Record Period and up to the Latest Practicable Date, the Group has not received any investigation, notice, warning, or sanctions from applicable government authorities with regard to its business operations concerning any issues related to cybersecurity and data security. Also, the Group is not likely to trigger scenario (vi) with respect to the proposed listing in Hong Kong, on the basis that, in addition to the fore-mentioned factors: (i) as of the Latest Practicable Date, the Group has not been identified as a CIIO by relevant regulatory authorities; and (ii) pursuant to the consultation with the Centre as mentioned above, listing in Hong Kong is not considered as listing aboard.

As advised by Tian Yuan Law Firm, based on the above, the likelihood of our operations being classified as one that “affects or may affect national security” is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis.

However, as advised by Tian Yuan Law Firm, the interpretation and applicability of “important data”, “core data” and “network information security” and other factors considered in scenario (vii) remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, the Group cannot preclude the possibility that these scenarios may apply. The Group will also keep abreast and conform to the legislative and regulatory requirement to prevent the related risks that may trigger scenario (v), (vi) and (vii).

Since the criteria for the determination of “affect or may affect national security” as stipulated in Cybersecurity Review Measures are still uncertain and subject to further elaboration by the CAC, further elaboration and guidance is expected to be forthcoming for us to evaluate the implications. If the Group is subject to cybersecurity review, it will apply for the cybersecurity review in due course.

On 7 July 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Measures on Security Assessment of Cross-border Data Transfer**”), which became effective on 1 September 2022. These Measures specify that any of the circumstances below will require security assessment before any cross-border data transfer out of mainland China can occur: (i) the data transferred out of mainland China is important data; (ii) cross-border data transfer of personal information by CIIO and data processor that processes personal information of more than 1 million individuals; (iii) cross-border data transfer of personal information by a data processor who has made cross-border data transfers of personal information of more than 100,000 individuals, or sensitive personal information of more than 10,000 individuals, in each case as calculated cumulatively, since January 1 of the previous year; or (iv) under other circumstances as stipulated by the CAC.

As advised by Tian Yuan Law Firm, scenarios (ii) and (iii) are not applicable to the Group given the fact confirmed by our Directors that, (a) as of the Latest Practicable Date, the Group has not received any notification from relevant regulatory authorities regarding its identification as CIIO; (b) the Group processes personal information of less than 1 million individuals; (c) the Group has not met the threshold as stipulated under scenario (iii). Nonetheless, as advised by Tian Yuan Law Firm, since the identification of important data as stipulated under scenario (i) remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities as analysed above, and the implementation under scenario (iv) is still subject to elaboration by relevant government authorities, there remains uncertainty as to how the new regulation will be applied and implemented. The Group will closely monitor the application and implementation of these measures.

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According to the Centre officer consulted with during the aforesaid consultation by Tian Yuan Law Firm with the Centre on 1 June 2022:

- (i) the Company is not required to apply for cybersecurity review for its proposed listing in Hong Kong since “listing in a foreign country” does not include “listing in Hong Kong”.
- (ii) as of the date of the consultation, there had been no detailed rules on determining “affect or may affect national security”.

In addition, the Group and Tian Yuan Law Firm are of the view that, under the currently effective Cybersecurity Review Measures and the Measures on Security Assessment of Cross-border Data Transfer, and assuming that if the Draft Regulation on Network Data Security Management become effective in the current form, they do not foresee any material impediments for the Group to comply with the Cybersecurity Review Measures, the Draft Regulation on Network Data Security Management and the Measures on Security Assessment of Cross-border Data Transfer (“**Relevant Regulations**”) in all material respects and these Relevant Regulations would not have a material adverse impact on the Group’s business operations, the Company’s proposed listing in Hong Kong or its potential overseas expansion thereafter, on the basis that:

- (i) as the compliance status of the Group disclosed in section headed “Business — DATA PRIVACY AND SECURITY” of the Prospectus as of the Latest Practicable Date, the Group has implemented a comprehensive set of internal policies, procedures, and measures to ensure its cybersecurity and data protection compliance practice;
- (ii) although we expect to expand our operations internationally, as at the Latest Practicable Date, the Group had not yet commenced implementation of our overseas expansion plan. If the Group expands its international presence, the directors confirm that the data collected and generated by the Group within the territory of mainland China during its business operations will still be stored and processed within the territory of mainland China in the future, and the Group will not transfer such data outside mainland China. In addition, the Group adheres to the internal policies, including the Data Security Management Procedures (《數據安全管理程序》), the User Personal Information Protection Management Procedures (《用戶個人信息保護管理程序》), and the Personal Information Security Impact Assessment Procedures (《個人信息安全影響評估程序》), which stipulates that: (i) users’ personal information the Group collect within the territory of mainland China shall not be provided outside of mainland China, except as otherwise provided by laws and regulations; (ii) for the cross-border data transfer, an assessment should be made to ensure that the cross-border data transfer meets the requirements of relevant applicable laws and regulations;
- (iii) as of the Latest Practicable Date, the Group has not received any inquiry, notice, warning, investigation, sanctions or objection regarding the proposed listing plan or requesting any cybersecurity review regarding Relevant Regulations from relevant regulatory authorities;
- (iv) as of the Latest Practicable Date, the Group has not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of the Group, threatened against or relating to the Group; and

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- (v) the Group confirms that it will closely monitor the legislative and regulatory development in cybersecurity and data protection, including the Relevant Regulations, and will adjust its cybersecurity and data protection practices in a timely manner to ensure compliance with the currently effective Cybersecurity Review Measures, the Measures on Security Assessment of Cross-border Data Transfer and the Draft Regulation on Network Data Security Management when it comes into effect.

The Joint Sponsors have conducted, among other things, the following independent due diligence work in respect of the implications of the Relevant Regulations on the Group's business operations and proposed listing in Hong Kong:

- (i) reviewed the Relevant Regulations published by the CAC and relevant regulatory authorities with the assistance of Tian Yuan Law Firm;
- (ii) discussed with the management of the Company to understand, among others, the Group's business and the type of data collected and processed by the Group and the cybersecurity and data privacy control of the Company;
- (iii) discussed with the management of the Company and Tian Yuan Law Firm in relation to the scope of and the requirements imposed by the Relevant Regulations, and the potential impact and applicability of the Relevant Regulations and aforementioned regulatory developments on the Group's business operations and listing plan from PRC legal perspective;
- (iv) obtained and reviewed advanced draft of the PRC data compliance report prepared by the Tian Yuan Law Firm in relation to compliance of the Company with the applicable laws and regulations of cybersecurity and data compliance; and
- (v) conducted desktop search and engaged independent search agent to conduct background search on the Group, and nothing has come to the attention of the Joint Sponsors regarding any outstanding investigations on cybersecurity review, administrative penalties, mandatory rectifications or other sanctions imposed, or any litigation or proceedings pending or threatened against the Group.

Based on the view of Tian Yuan Law Firm, the independent due diligence work conducted as described above and the information currently available to the Joint Sponsors, nothing has come to the attention of the Joint Sponsors as of the date of this prospectus that would cause them to disagree with the Company's views that these Relevant Regulations would not have a material adverse impact on the Group's business operations, the Company's proposed listing in Hong Kong or its potential overseas expansion thereafter.

Privacy Protection

The Civil Code of the PRC (《中華人民共和國民法典》) was issued on 28 May 2020 and took effect on 1 January 2021, which provides that personal information of natural persons is protected by law. Any organisation or individual who needs to obtain the personal information of others, shall obtain and ensure information security in accordance with the law, shall not illegally collect, use, process, transmit personal information of others, shall not illegally trade, provide or disclose the personal information of others.

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Pursuant to the 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》) promulgated by the Ministry of Industry and Information Technology (the “MIIT”) on 29 December 2011, effective as of 15 March 2012, without the consent of the user, the internet information service providers shall not collect information related to the user, alone or in combination with other information to identify the user, shall not provide personal information of the user to others, except as otherwise provided by laws and administrative regulations. Meanwhile, the internet information service providers should properly store user personal information; where users’ personal information is leaked or may be leaked, remedial measures shall be adopted immediately; where the personal information leakage causes or may cause serious consequences, the internet information service providers shall immediately report to the telecommunications management authorities which issue the internet information service permit or filing, and investigation and handling shall be conducted in cooperation with the relevant department.

Pursuant to the ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on 29 August 2015 and became effective on 1 November 2015, any internet service provider that fails to fulfil the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. Pursuant to the Notice of the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on 23 April 2013, Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), and the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on 8 May 2017 and took effect on 1 June 2017, the following activities may constitute the crime of infringing upon a citizen’s personal information: (i) providing a citizen’s personal information to specified persons or releasing a citizen’s personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen’s consent, unless the information is processed, not identifiable to a specific person and not recoverable; (iii) collecting a citizen’s personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen’s personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

On 27 July 2021, the Supreme People’s Court of the PRC issued the Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) (the “**Face Recognition Provisions**”). The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between equal civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of utilising face recognition technologies to process facial information. To process the facial information of a natural person, the separate consent of such natural person or his/her guardian must be obtained. Any violation of individual consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. The Face Recognition Provisions further stipulate that if the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processor an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information, and if the natural person claims to confirm that the boilerplate terms are invalid, the people’s court shall support such claim pursuant to the law.

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Pursuant to the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the “PIPL”) promulgated by the SCNPC on 20 August 2021, effective as of 1 November 2021, personal information is all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding information after anonymisation processing. The handling of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal information. The activities of handling personal information of natural persons in the PRC shall be governed by the PIPL. Furthermore, a processor of personal information may process personal information only under any of the following circumstances: (a) where the consent of the individual concerned is obtained; (b) where it is necessary for the conclusion or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labour rules and regulations established by law and the collective contract signed in accordance with the law; (c) where it is necessary for the performance of legal duties or legal obligations; (d) where it is necessary for the response to public health emergencies, or for the protection of the life, health and property of natural persons in an emergency; (e) where such acts as news reporting, public opinion monitoring and others are implemented for the public interest, and the processing of personal information is within a reasonable range; (f) where the personal information disclosed by the individual concerned or other personal information that has been legally disclosed is processed within a reasonable scope in accordance with the provisions of PIPL; and (g) other circumstances specified in laws and administrative regulations. The processing of personal information shall obtain the consent of the individual concerned in accordance with other relevant provisions of the PIPL, however, the consent of the individual concerned is not required under the circumstances set forth in items (b) to (g) of the preceding paragraph.

The laws and regulations of cybersecurity and data protection are relatively new and evolving and their interpretation and enforcement involve significant uncertainty. Tian Yuan Law Firm is of the view that there is no material impediment for us to comply with relevant laws and regulations in all material respect.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and latest amended on 23 April 2019 and became effective from 1 November 2019 and the Implementation Rules of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002 and latest amended on 29 April 2014 and subsequently enforced on 1 May 2014, the period of validity for a registered trademark is ten years, commencing from the date of registration. The trademark registrant shall complete the renewal formalities twelve months prior to the expiry date if continued using is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be cancelled. Industrial and commercial administrative authorities have the right to investigate any behaviour in infringement of the exclusive right under a registered trademark pursuant to the law. In case of a suspected criminal offences, the case shall be promptly referred to a judicial authority for handling according to the law.

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Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984, and most recently amended on 17 October 2020 and became effective on 1 June 2021, the patents are divided into three types. According to the Patent Law of the PRC and the Interim Measures on the Handling of Examination Operations in relation to the Implementation of the Amended Patent Law (《關於施行修改後專利法的相關審查業務處理暫行辦法》) issued by the China National Intellectual Property Administration on 24 May 2021, invention patents are valid for twenty years, utility model patents are valid for 10 years and design patents filed no later than 31 May 2021 are valid for 10 years while design patents filed on or after 1 June 2021 are valid for 15 years, from the date of application.

On 15 June 2001, the State Council promulgated the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was amended on 9 January 2010 and became effective on 1 February 2010. According to the Patent Law of the PRC and its implementing regulations, the patent administrative department under the State Council is primarily responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper licence from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), which was issued by the SCNPC on 7 September 1990, came into effect on 1 June 1991 and latest amended on 11 November 2020 and became effective from the 1 June 2021, provides that the copyright includes but not limited to computer software, authors and other copyright owners may complete work registration formalities with the registration agency recognised by the competent copyright authority of the State. According to the Regulation on Computer Software Protection (《計算機軟件保護條例》), which took effect on 1 October 1991 and latest amended on 30 January 2013 and subsequently enforced on 1 March 2013, the software copyright shall exist from the date on which its development has been completed, and software copyright owner may register with the software registration institution recognised by the copyright administration department of the State Council. On 20 February 2002, the National Copyright Administration of the PRC issued the Measures on Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which outlines the operational procedures for registration of software copyright, as well as registration of the licence for the software copyright and software copyright transfer contracts. The National Copyright Administration of the PRC is mainly responsible for the registration and management of national software copyright and recognises the China Copyright Protection Centre as the software registration organisation.

Domain names

On January 1, 2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) issued by the MIIT became effective, which stipulated that an internet access service provider shall, pursuant to requirements stated in the Anti-Terrorism Law of the PRC (《中華人民共和國反恐怖主義法》) and the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

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Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on 24 August 2017 and effective from 1 November 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSING PROVIDENT FUNDS

Labour Law, Labour Contract Law, and its Implementation Regulations

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and latest amended on 29 December 2018 and became effective on the same day, the PRC Labour Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on 29 June 2007, came into effect from 1 January 2008 and latest amended on 28 December 2012 and became effective on 1 July 2013, and the Implementation Rules of the PRC Labour Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on 18 September 2008 and came into effect on the same day. Pursuant to the aforementioned laws and regulations, employers shall execute written labour contracts with full-time employees. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury. The employers shall establish a system for labour safety and sanitation, strictly abide by corresponding rules and standards, provide education regarding labour safety and sanitation to its employees, provide employees with labour safety and sanitation conditions and necessary protection materials in compliance with corresponding rules, and carry out regular health examinations for employees engaged in work involving occupational hazards. In addition, employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions. Violations of the PRC Labour Contract Law, the PRC Labour Law and the Implementation Rules of the PRC Labour Contract Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Regulations on Social Insurance and Housing Provident Funds

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated on 28 October 2010 by the SCNPC, came into effect on 1 July 2011 and newly revised on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999, came into effect on the same day and latest amended on 24 March 2019, the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. If the employer fails to file the registration for social insurance, the administrative department of social insurance shall order rectification within a certain period of time; if it fails to do so, the employer shall be fined more than twice or three times the amount of social insurance payable, and its directly responsible supervisors and other directly responsible persons shall be fined more than five hundred yuan and less than three thousand yuan. If the employer does not pay the full amount of the social insurance as scheduled, the social insurance collection institution shall order the employer to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

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On 3 April 1999, the State Council promulgated the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), latest amended on 24 March 2019 and came into effect on the same day, the employer shall apply to the housing provident fund management centre for registration of housing provident fund contributions, and for the enterprises of workers for the establishment of housing provident fund account procedures. Employers should be on time, full payment of housing provident funds, not late or underpayment. If the employer fails to register the housing provident fund deposit or does not go through the formalities for the establishment of the housing provident fund account for the employees, the housing provident fund management centre shall order the employer to handle it within a time limit. If the employer fails to do so within the time limit, it shall be subject to a penalty of more than 10,000 yuan and less than 50,000 yuan fine. Moreover, if the employer fails to pay or underpays the housing provident fund within the time limit, the housing provident fund management centre shall order the employer to make the payment within a time limit. If the employer fails to pay the housing fund within the time limit, the employee can apply to the court for compulsory execution.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

On 2 September 1993, the SCNPC promulgated the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-unfair Competition Law**”), which became effective as of 1 December 1993 and last amended on 23 April 2019. According to the Anti-unfair Competition Law, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators shall abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances. Furthermore, the Supreme People’s Court promulgated the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Anti-unfair Competition Law of the PRC (《最高人民法院關於適用〈中華人民共和國反不正當競爭法〉若干問題的解釋》), which further clarify the conduct of anti-unfair competition and the application of Anti-unfair Competition Law.

On 17 August 2021, the SAMR issued the Provisions on the Prohibition of Unfair Competition on the Internet (Draft for Public Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), under which business operators should not use data or algorithms to hijack traffic or influence users’ choices, or use technical means to illegally capture or use other business operators’ data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or “red envelopes” to entice positive ratings. As of the Latest Practicable Date, the Provisions on the Prohibition of Unfair Competition on the Internet (Draft for Public Comments) has not been formally adopted.

LAWS AND REGULATIONS RELATING TO TAXATION

Regulations on Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the NPC on 16 March 2007, effective as of 1 January 2008 and latest amended by the SCNPC on 29 December 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the PRC Enterprise Income Tax Law, the State Council promulgated the Implementation Rules of the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) on 6 December 2007, it was later amended and the amendment became effective on 23 April 2019. Under the PRC Enterprise Income Tax Law and the Implementation Rules of the PRC Enterprise Income Tax Law, enterprises are classified as either “resident enterprises” or “non-resident

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enterprises.” Aside from enterprises established within the PRC, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the PRC Enterprise Income Tax Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC. A non-resident enterprise without a permanent establishment in the PRC or a non-resident enterprise which has set up a permanent establishment in the PRC whose earning income is not connected with the above mentioned permanent establishment will only be subject to tax on its PRC-sourced income.

The Implementation Rules of the PRC Enterprise Income Tax Law provides that since 1 January 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

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

Regulations on Dividend Tax

According to the PRC Enterprise Income Tax Law, the income from equity investment between qualified PRC resident enterprises such as dividends and bonuses, which refers to investment income derived by a resident enterprise from direct investment in another resident enterprise, is tax-exempt.

Moreover, pursuant to the Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels (《關於下發協定股息稅率情況一覽表的通知》) issued by the STA on 29 January 2008, latest revised on 29 February 2008, and the Arrangement Between the Mainland of 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 (《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》) (the “**Double Tax Avoidance Arrangement**”) issued by the STA and the government of the Hong Kong Special Administrative Region on 21 August 2006, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be 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: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) 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. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued on 20 February 2009 by the STA and became effective on the same day, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified: (i) such tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the all equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; and (iii) the

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capital ratio of the Chinese resident company directly owned by such a tax resident reaches the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends; and based on the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於稅收協定中“受益所有人”有關問題的公告》) issued by the STA on 3 February 2018 and effective as of 1 April 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a “beneficial owner”, and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Pursuant to Notice on the Applicable Scope of the Policy of Temporary Exemption of Withholding Taxes on the Direct Investment Made by Overseas Investors with Distributed Profits (《關於擴大境外投資者以分配利潤直接投資暫不徵收預提所得稅政策適用範圍的通知》), promulgated by the STA and took effect on 1 January 2018, where the profits distributed by a resident enterprise within the territory of China to an overseas investor are directly invested in an investment project which does not fall under the prohibited category and meets the specified conditions, the project shall be governed by the deferred tax payment policy and be temporarily exempt from withholding income tax.

Regulations on Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), promulgated by the State Council on 13 December 1993 and newly amended on 19 November 2017, and the Detailed Rules for the Implementation of the Provisional Regulations 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》), promulgated by the MOF and the STA on 25 December 1993 and latest amended on 28 October 2011 and came into effect on 1 November 2011 (collectively, the “VAT Law”), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value-added tax (the “VAT”). On 19 November 2017, the State Council promulgated the Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax (《關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) (the “Order 691”). According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), was promulgated on 4 April 2018 and came into effect on 1 May 2018. The VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On 20 March 2019, the MOF, STA and General Administration of Customs jointly promulgated the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), or Notice 39, which came into effect on 1 April 2019. Pursuant to Notice 39, the tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Regulations on Urban Maintenance and Construction Tax as well as Education Surcharges

On 11 August 2020, the SCNPC promulgated the Urban Maintenance and Construction Tax Law of the PRC (《中華人民共和國城市維護建設稅法》), which became effective on 1 September 2021. Pursuant to the Urban Maintenance and Construction Tax Law of the PRC, the urban maintenance and construction tax is based on the actual amount of VAT and consumption tax paid by the taxpayer according to the law and the tax basis of which shall be based on the deduction of the VAT refunded by the tax credit refund at

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the end of the period. Furthermore, the urban maintenance and construction tax rate is: (a) seven percent if the taxpayer is located in the urban area; (b) five percent if the taxpayer is located in the county or town; (c) one percent if the taxpayer is not located in the urban area, county or town.

In accordance with the Interim Provisions on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council on 28 April 1986 and last amended on 8 January 2011 and became effective from the same day, the educational surcharges are based on the actual amount of VAT, business tax and consumption tax paid by each entities and individuals, and the rate of educational surcharges is 3%, which is paid at the same time with VAT, business tax and consumption tax respectively.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

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

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulations**”) promulgated by the State Council on 29 January 1996, which was latest amended on 5 August 2008, are the principal regulations governing foreign currency exchange in China. Under the foreign exchange regulations, domestic institutions, domestic personal foreign exchange earnings can be transferred back to the territory or deposited abroad; the foreign exchange administration department under the State Council in accordance with the balance of payments and foreign exchange management needs to make the conditions and period of transfer back to the territory or deposited abroad.

On 30 March 2015, the SAFE promulgated the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《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》) (the “**SAFE Circular 19**”), which came into effect on 1 June 2015 and replaced the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) promulgated by the SAFE on 29 August 2008. Under SAFE Circular 19, a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account, i.e., a bank account opened by a foreign-invested enterprise where the foreign shareholder(s) are required to remit and deposit the amount of respective capital contributions, for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). Meanwhile, the use of such RMB should still comply with the restrictions set in the SAFE Circular 19 that it cannot be directly or indirectly used for making payments beyond the business scope of the enterprise or payments prohibited by national laws and regulations, investing in securities unless otherwise provided by laws and regulations, granting the entrust loans in RMB (unless permitted by the

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scope of business), repaying the inter-enterprise borrowings (including advances by the third party) repaying the bank loans in RMB that have been lent to a third party, and paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

On 23 October 2019, SAFE promulgated Notice on Further Promoting Cross-border Trade and Investment Facilitation (《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》) (the “**SAFE Circular 28**”), which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the “capital account — account for settled foreign exchange to be paid” to receive the corresponding funds according to relevant provisions. Moreover, according to the Circular on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on 10 April 2020, on the premise of ensuring that the use of funds is truly compliant and in compliance with the current capital project revenue use management regulations, eligible enterprises are allowed to capital funds, foreign debt and foreign listings and other capital project income for domestic payments, without the need to provide proof of authenticity to the bank in advance. The bank should follow the principle of prudent business to control the relevant business risks, and according to the relevant requirements of the capital project income payment facilitation business for post-check. The local foreign exchange bureau should strengthen the monitoring and analysis and post-event supervision.

SAFE Circular 37, SAFE Circular 13 and SAFE Circular 7

On 4 July 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies (《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》) (the “**SAFE Circular 37**”), which replaces the Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》). The SAFE Circular 37 provides that a “special purpose vehicle” means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. Domestic residents establishing or taking control of a special purpose vehicle abroad which makes round-trip investments in PRC are required to file foreign exchange registration with the local foreign exchange bureau.

On 13 February 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (《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》) (the “**SAFE Circular 13**”), which took effect as of 1 June 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Foreign exchange regulatory authorities will perform indirect regulation over the direct investment-related foreign exchange registration via the banks. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

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On 15 February 2012, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of 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》) (the “**SAFE Circular 7**”). In accordance with the SAFE Circular 7 and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year (except for foreign diplomatic personnel in China and representatives of international organisations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan.

LAWS AND REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

The Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) was jointly promulgated by six PRC governmental authorities including the MOFCOM, the STA, the SAFE, the SAIC, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on 8 August 2006, and amended on 22 June 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing of the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the assets of a domestic company by agreement, establish a foreign-invested enterprise by injecting such assets, and operate the assets. According to Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for 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 which acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

On 17 February 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of 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 “**Trial Measures**”) and five supporting guidelines, which came into effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the

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senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

As advised by our PRC Legal Adviser, our proposed offering and listing falls within the scope of indirect overseas offering and listing of a domestic company because we meet both of the conditions stated above, and therefore we will be subject to the filing procedures with the CSRC.

On the same day, the CSRC also held a press conference for the release of the 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》) (the “**Notice**”). According to the Notice from the CSRC, domestic companies that have obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Trial Measures (i.e. 31 March 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from 31 March 2023. Those who complete their overseas offering and listing within such six-month period, before 30 September 2023, are deemed as Existing Issuers and are not required to file with the CSRC for their overseas offering and listing. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges (such as requiring a new hearing for the listing application of its shares on the Stock Exchange), or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filing procedures with the CSRC. As advised by our PRC Legal Adviser, we are not required to complete the overseas listing filing provided that (i) we pass the hearing for the listing application in relation to the Listing on the Stock Exchange prior to 31 March 2023, (ii) we complete our offering and listing on the Stock Exchange on or prior to 30 September 2023, and (iii) we are not required to go through a new hearing with the Stock Exchange during the period between 31 March 2023 and 30 September 2023. Based on the above advice of our PRC Legal Adviser, our Directors are of the view that, and the Joint Sponsors concur that, we are not required to complete the overseas listing filing provided that the aforementioned requirements are satisfied.

Our Directors believe that there is no foreseeable material impediment for our Company to complete such filing procedures, if required, because (i) as advised by our PRC Legal Adviser, we do not fall under any of the circumstances specified in the Trial Measures under which overseas offering and listing are prohibited; (ii) in addition, we had not received any inquiry, notice, warning, or order prohibiting us from getting listed on the Stock Exchange from the CSRC or any other PRC government authorities; and (iii) we will continue to monitor our compliance with the Trial Measures and we will perform the filing procedures or information reporting procedures according to the timing requirements applicable to us. As confirmed by the Company, if the above requirements of the Existing Issuers cannot be met, the Company will schedule the submission of the filing application in a reasonable manner after submitting the application documents for issuance and listing, and undertake not to implement the issuance before completion of filing procedures with the CSRC.

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On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which became effective on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Group can be traced back to the establishment of one of our principal subsidiaries Plus Shanghai in August 2004 by Mr. Xu Jiwu (徐繼武) (“**Mr. Xu**”), currently a director of Plus Shanghai, and a director and legal representative of Shanghai Harvest, and Ms. Wu Yunqiu (武韻秋) (“**Ms. Wu**”), an Independent Third Party, using their personal funds. Plus Shanghai is primarily engaged in providing sales and marketing services since its establishment. In September 2008, Ms. Wu transferred the entirety of her 70% equity interests in Plus Shanghai to Mr. Sun, who got acquainted with Mr. Xu through work and decided to invest in Plus Shanghai due to the business prospects and growth potential of the industry. Upon completion of such equity transfer, Plus Shanghai was held as to 70% and 30% by Mr. Sun and Mr. Xu, respectively. For details on the relevant industry experience of Mr. Sun, see “Directors and Senior Management”.

We are an established sales and marketing service provider, primarily focusing on providing on-site sales and marketing solutions to market-leading FMCG (i.e. fast-moving consumer goods) brand owners and distributors at offline retail store, such as supermarkets, department stores, outdoor promotional campaigns, etc. During the Track Record Period, we offer sales and marketing services supported by FMES platform to customers, which primarily included brand owners and distributors. We started as a traditional sales and marketing service provider in 2004 and started to digitalise our business process in 2012. Since then, we have gradually transformed ourselves into a sales and marketing service provider that is supported by our FMES platform, which contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. With a view to generating recurring revenue from a wider range of customers, we launched our tasks and marketers matching service and SaaS+ subscription in 2019 and 2020, respectively. For further details, see section headed “Business”.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 September 2021. Upon completion of the Reorganisation, our Company became the holding company of our subsidiaries. See “— Reorganisation” for more details.

OUR BUSINESS MILESTONES

The following sets out our major business development milestones of our Group:

Year	Milestone
2004	Plus Shanghai was established and we commenced traditional sales and marketing service
2008	Mr. Sun joined our Group as a director and controlling shareholder of Plus Shanghai
2013	We launched <i>Remotes</i> , a sales and marketing project management tool and <i>MiJob Square</i> , a public connector of marketers
2017	We launched <i>BrandKEY</i> , an integrated offline commerce management platform
2019	We launched our tasks and marketers matching service, <i>Touchkit</i> , an integrated tasks management platform and <i>eHR</i> , a digital employment contract and human resources management tool
2020	We launched SaaS+ subscription and <i>SMV</i> , an on-site visit task tool
2021	We launched digitalised tools, such as <i>Channel Station</i> , an integrated digitalised storefront and <i>Site DNA</i> , an offline retail stores analytics tool

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR PRINCIPAL OPERATING SUBSIDIARIES

We conduct our business principally through the following subsidiaries which made a material contribution to our results of operations during the Track Record Period. Corporate information of these principal subsidiaries as of the Latest Practicable Date is shown below:

Name	Principal business activities	Date and place of establishment
Plus Shanghai ⁽¹⁾	providing sales and marketing services	6 August 2004, PRC
Winning Marketing Solution ⁽¹⁾	providing sales and marketing services	25 June 2004, PRC
Mecool Marketing ⁽¹⁾	providing sales and marketing services	18 July 2012, PRC
Shanghai Harvest ⁽¹⁾	providing sales and marketing services	10 June 2009, PRC
Shanghai Chengzhi ⁽¹⁾	providing sales and marketing services	6 August 2020, PRC
Retail Winner	system development	1 April 2017, PRC

Note:

- (1) Each of the principal operating subsidiaries is indirectly wholly-owned by the Company as of the Latest Practicable Date.

For details of the corporate history and major shareholding changes of our principal operating subsidiaries, see subsection headed “— Corporate History Prior to the Reorganisation” below.

CORPORATE HISTORY PRIOR TO THE REORGANISATION

Plus Shanghai

1. Establishment and early development of Plus Shanghai

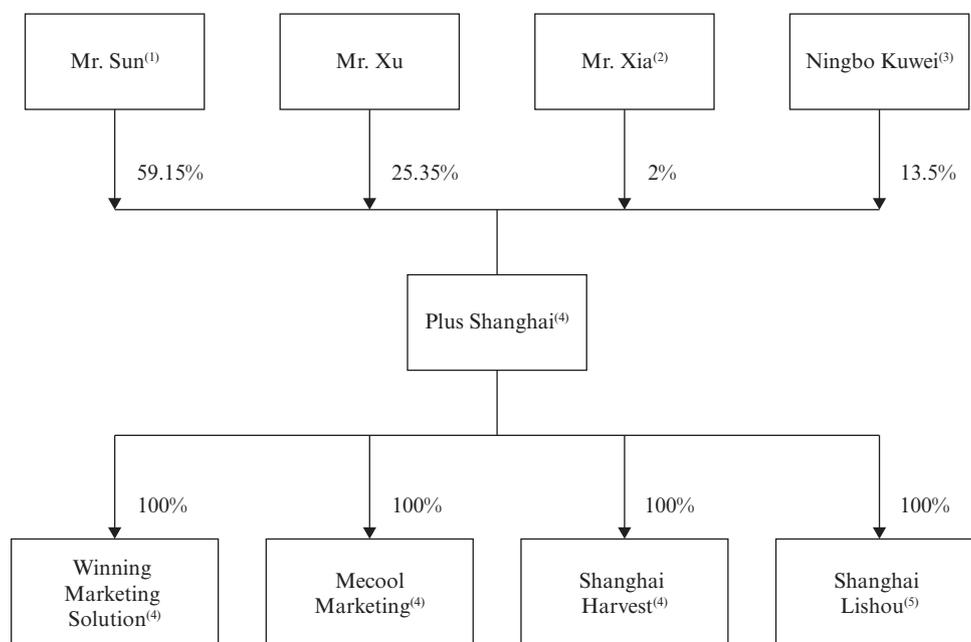
Plus Shanghai was established on 6 August 2004 in the PRC under the name of Shanghai Mecool Marketing Co., Ltd.* (上海明酷市場營銷服務有限公司). The initial registered capital of Plus Shanghai was RMB0.5 million. At the time of its establishment, Plus Shanghai was owned as to 70% and 30% by Ms. Wu and Mr. Xu, respectively. Mr. Xu is currently a director of Plus Shanghai and executive director and legal representative of Shanghai Harvest.

On 22 September 2008, Ms. Wu, who decided to cease the investment and management in Plus Shanghai due to her health condition, entered into an equity transfer agreement with Mr. Sun, pursuant to which Ms. Wu agreed to transfer the entirety of her 70% equity interests in Plus Shanghai to Mr. Sun at a consideration of RMB0.4 million. The consideration was determined after arm's length negotiation with reference to the then registered capital of Plus Shanghai and was fully settled by Mr. Sun by cash on even date. Upon completion of the share transfer, Plus Shanghai was owned as to 70% and 30% by Mr. Sun and Mr. Xu, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Between 2004 and 2012, Mr. Sun and Mr. Xu established (either by themselves or through entrusted shareholding) Winning Marketing Solution, Shanghai Harvest and Mecool Marketing, principally engaging in sales and marketing and Shanghai Lishou Props Production Co., Ltd.* (上海里手展示道具製作有限公司) (“**Shanghai Lishou**”), principally engaging in advertising design and production business. In 2014, the then shareholders of Winning Marketing Solution, Shanghai Harvest, Shanghai Lishou and Mecool Marketing decided to integrate businesses of these companies and allow certain management and employees of these companies to subscribe for equity interests in Plus Shanghai as incentives. Therefore, they carried out a series of capital increase, equity transfer and share swap transactions. As a result, the registered capital of Plus Shanghai was increased to RMB25 million on 8 December 2014, of which Mr. Sun, Mr. Xu, Mr. Xia and Ningbo Kuwei, being a limited liability partnership established under the laws of the PRC on 22 October 2014 as the employees’ shareholding platform of Plus Shanghai, having Shanghai Guangku Business Consulting Centre* (上海廣酷商務諮詢中心) as its general partner and Mr. Yang, our executive Director and other seven then employees of our Group as limited partners, subscribed for RMB11.3 million, RMB4.8 million, RMB0.5 million and RMB3.4 million (representing 45.15%, 19.35%, 2% and 13.5% of the enlarged registered capital of Plus Shanghai), respectively, by transferring their respective equity interests in Winning Marketing Solution, Mecool Marketing, Shanghai Harvest and Shanghai Lishou to Plus Shanghai. For details of the corporate history of these companies, see “— Corporate History Prior to the Reorganisation — Winning Marketing Solution”, “— Corporate History Prior to the Reorganisation — Shanghai Harvest”, and “— Corporate History Prior to the Reorganisation — Mecool Marketing”.

Upon completion of such transactions on 8 December 2014, Plus Shanghai was held as to 59.15%, 25.35%, 2% and 13.5% by Mr. Sun, Mr. Xu, Mr. Xia and Ningbo Kuwei, respectively, and Winning Marketing Solution, Mecool Marketing, Shanghai Harvest and Shanghai Lishou became wholly-owned subsidiaries of Plus Shanghai. Corporate structure upon completion of such transactions was set forth as follows:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Note:

- (1) Being an executive Director of our Company.
- (2) Mr. Xia has been an adviser of Plus Shanghai since January 2015.
- (3) Ningbo Kuwei is a limited liability partnership established on 22 October 2014 under the laws of the PRC and an employee shareholding platform of Plus Shanghai prior to the Reorganisation. At the time of the transactions, the partnership interest in Ningbo Kuwei was held by Shanghai Guangku Business Consulting Centre* (上海廣酷商務諮詢中心) as general partner which was in turn wholly-owned by Mr. Sun, our executive Director, and by Mr. Yang, our executive Director, and other seven then employees of our Group as limited partners. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Ningbo Kuwei, which held 6,873,204 shares of Plus Shanghai (which were later converted into approximately RMB6.87 million registered capital, representing 11.17% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in turn held by nine current and former employees of our Group.
- (4) Being the principal subsidiaries of our Group as of the Latest Practicable Date.
- (5) Shanghai Lishou was a wholly-owned subsidiary of Plus Shanghai prior to its deregistration in December 2016 since Plus Shanghai intended to focus on its principal business of sales and marketing.

2. Investment by Jiaxing Jiuding and Yuan'an Jiuding

In or around July 2014, Jiaxing Jiuding and Yuan'an Jiuding expressed their interest to invest in Plus Shanghai. Jiaxing Jiuding and Yuan'an Jiuding are two private equity funds incorporated under the laws of the PRC under the same control of Kunwu Jiuding Investment Holdings Co., Ltd.* (昆吾九鼎投資控股股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange, stock code: 600053.SH). For the purpose of capital realisation, Mr. Xu as a shareholder of Plus Shanghai entered into an equity transfer agreement with Jiaxing Jiuding and Yuan'an Jiuding on 15 July 2014, pursuant to which Mr. Xu agreed to transfer 12.73% and 5.45% equity interests in Plus Shanghai held by him to Jiaxing Jiuding and Yuan'an Jiuding at the considerations of RMB35 million and RMB15 million, respectively. The implied valuation of Plus Shanghai at the time of the investments by Jiaxing Jiuding and Yuan'an Jiuding was RMB275.0 million. The considerations were determined after arm's length negotiation between the parties with reference to the then valuation of Plus Shanghai based on the net profit forecast for 2014 and was fully settled by Jiaxing Jiuding and Yuan'an Jiuding on 25 and 24 December 2014, respectively. Such share transfer was completed on 24 June 2015.

Upon completion of such share transfers, Plus Shanghai was held as to 59.15%, 13.5%, 12.73%, 7.17%, 5.45% and 2% by Mr. Sun, Ningbo Kuwei, Jiaxing Jiuding, Mr. Xu, Yuan'an Jiuding and Mr. Xia, respectively. Jiaxing Jiuding and Yuan'an Jiuding ceased to be shareholders of Plus Shanghai after a series of equity transfers in November 2019. For details, see “— Divestment by Jiuding and Houyang”.

3. Capital increase and conversion into a joint-stock company

In July 2015, the registered capital of Plus Shanghai was increased from RMB25 million to RMB25.8 million. Ningbo Kuzhong and Ningbo Hanzhong contributed RMB4.8 million and RMB4 million, among which RMB0.4 million and RMB0.3 million respectively, was recorded as registered capital with the rest of the funds allocated to the capital reserve, respectively. The implied valuation of Plus Shanghai at the time of the capital increase was RMB303.9 million. The considerations were based on arm's length negotiation between relevant parties and were fully settled by Ningbo Kuzhong and Ningbo Hanzhong on 15 July 2015 and 27 July 2015, respectively. Ningbo Kuzhong and Ningbo Hanzhong are limited liability partnerships, both of which were established on 2 July 2015 under the laws of the PRC. Ningbo Kuzhong was an employee shareholding platform of Plus Shanghai prior to the Reorganisation. At the time of the capital

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increase, the partnership interest in Ningbo Kuzhong was held by Mr. Xu Jiwu (徐繼武), an employee of our Group, as the general partner, and other 24 then employees of our Group as limited partners. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Ningbo Kuzhong, which held 834,865 shares of Plus Shanghai (which were later converted into approximately RMB0.83 million registered capital, representing 1.36% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in turn held by 20 current and former employees of our Group. Ningbo Hanzhong was owned by Mr. Xia as the general partner and other 12 Independent Third Parties as limited partners. After such capital increase, Plus Shanghai was held as to 57.42%, 13.11%, 12.35%, 6.97%, 5.30%, 1.94%, 1.59% and 1.32% by Mr. Sun, Ningbo Kuwei, Jiaying Jiuding, Mr. Xu, Yuan'an Jiuding, Mr. Xia, Ningbo Kuzhong and Ningbo Hanzhong, respectively.

On 5 November 2015, Plus Shanghai was converted into a joint-stock company with limited liability and was renamed as Plus (Shanghai) Digital Technologies Co., Ltd.* (普樂師(上海)數字科技股份有限公司).

4. Investment by Mingda Shengrui

In December 2015, Mingda Shengrui subscribed for 7.6% shareholding interests in Plus Shanghai at a consideration of RMB38 million and the implied valuation of Plus Shanghai at that time was RMB500 million. The consideration was determined after arm's length negotiation between the parties with reference to the valuation based on the net profit of Plus Shanghai as of 31 July 2015 and was fully settled by Mingda Shengrui on 17 December 2015.

Mingda Shengrui is a limited liability partnership established under the laws of the PRC on 16 September 2015 with Suzhou Houyang Sailing Investment Centre (Limited Partnership)* (蘇州厚揚啟航投資中心(有限合夥)) (“**Houyang Sailing**”) as its then limited partner, which was also the limited partner of Houyang Zaixin, which invested in Plus Shanghai in June 2016. See “— Investment by Houyang Zaixin and Gongqingcheng Cema” for details. Mingda Shengrui came to know Plus Shanghai through its business relationship with Mr. Sun and decided to invest in our Group because of the potential growth and business prospects of our Group. Houyang Sailing ceased to be the limited partner of Mingda Shengrui after disposing its 22% equity interests in Mingda Shengrui to Mr. Sun on 26 September 2018. For details, see “— Divestment by Jiuding and Houyang”.

In December 2015, the registered capital of Plus Shanghai was further increased to RMB57 million using capital reserves by the then shareholders in proportion to their respective shareholding prior to the capital increase.

5. Investment by Houyang Zaixin and Gongqingcheng Cema

In June 2016, the registered capital of Plus Shanghai was increased to RMB61.6 million, of which RMB3.4 million (representing 5.46% of the enlarged registered capital of Plus Shanghai) was contributed by Houyang Zaixin at a consideration of RMB29.5 million with an implied valuation of Plus Shanghai of RMB540.3 million, and RMB1.2 million of which (representing 1.94% of the enlarged registered capital of Plus Shanghai) was subscribed by Gongqingcheng Cema at a consideration of RMB10.50 million with an implied valuation of Plus Shanghai of RMB541.2 million. The considerations were determined after arm's length negotiation between the relevant parties with reference to the valuation of Plus Shanghai based on the net profit for 2015 and were fully settled by Houyang Zaixin and Gongqingcheng Cema on 23 June 2016 and 22 June 2016, respectively.

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Houyang Zaixin was a limited liability partnership established under the laws of the PRC on 17 February 2016 primarily engaged in equity investment before its deregistration in April 2020. Houyang Zaixin came to know our Group through one of its limited partners Houyang Sailing, which was also a limited partner of Mingda Shengui, one of the then shareholders of Plus Shanghai. Houyang Zaixin ceased to be a shareholder of Plus Shanghai after the shareholding transfer in September 2018. For details, see “— Divestment by Jiuding and Houyang”.

Gongqingcheng Cema was a limited liability partnership established under the laws of the PRC on 26 May 2016 for the sole purpose to invest in Plus Shanghai. Its general partner was Mr. Yu Siwei (于思未) (“**Mr. Yu**”), who is also the founder of Guangzhou Cema Information Technology Consulting Co., Ltd.* (廣州策碼信息技術諮詢有限公司) (“**Guangzhou Cema**”), which was a subsidiary of Plus Shanghai before Plus Shanghai disposed 36% equity interests in Guangzhou Cema in December 2019. For details, see subsection headed “— Acquisitions and disposals — Acquisition and disposal of Guangzhou Cema”. As Plus Shanghai intended to invest in Guangzhou Cema in 2016, Mr. Yu came to know Plus Shanghai and decided to invest in Plus Shanghai due to its business prospects and growth potential. Gongqingcheng Cema ceased to be the shareholder of Plus Shanghai after shareholding transfer in December 2019. For details, see “— Divestment by Gongqingcheng Cema”.

6. Divestment by Jiuding and Houyang

We had been exploring the possibility of seeking an initial public offering in the PRC. For details, please see the subsection headed “— Previous A Share Listing Attempt”. In December 2017, we decided not to proceed with the A share listing attempt. Therefore, some of our then shareholders, including Jiaxing Jiuding, Yuan’an Jiuding, Houyang Sailing (via Mingda Shengrui) and Houyang Zaixin, successively transferred their respective shares in Plus Shanghai to Mr. Sun between August 2018 and November 2019.

- 1) Pursuant to the repurchase agreement entered into between Mr. Sun, Jiaxing Jiuding and Yuan’an Jiuding on 31 August 2018, Mr. Sun purchased 10.53% and 4.51% of the shareholdings interests in Plus Shanghai from Jiaxing Jiuding and Yuan’an Jiuding at a consideration of RMB48.7 million and RMB20.9 million with an implied valuation of Plus Shanghai of RMB462.5 million and RMB462.8 million, respectively, which was fully settled by Mr. Sun on 15 November and 14 November 2019, respectively. The consideration was based on arm’s length negotiation with reference to the original investment amount made by Jiaxing Jiuding and Yuan’an Jiuding plus a simple interest rate of 10% per annum accruing from the settlement of the investment until the divestment consideration was settled. Jiaxing Jiuding and Yuan’an Jiuding ceased to be the shareholder of Plus Shanghai upon completion of such transfers.
- 2) Pursuant to the repurchase agreement entered into between Mr. Sun and Houyang Zaixin on 26 September 2018, Houyang Zaixin transferred 5.46% shareholding interests in Plus Shanghai to Mr. Sun at a consideration of RMB35.9 million with an implied valuation of Plus Shanghai of RMB657.5 million, which was fully settled by Mr. Sun on 6 May 2019. The consideration was based on arm’s length negotiation with reference to the original investment amount plus a simple interest rate of 10% per annum minus received dividends and income before divestment. Houyang Zaixin ceased to be the shareholder of Plus Shanghai upon completion of this transfer.

- 3) Pursuant to the repurchase agreement mentioned in 2) above and its supplemental agreement entered into between, among others, Mr. Sun, Houyang Sailing and Mingda Shengrui on 26 September 2018, Houyang Sailing agreed to transfer its entire 22% partnership interests in Mingda Shengrui (representing 1.55% indirect shareholding interest in Plus Shanghai) to Mr. Sun at a consideration of RMB14.0 million with an implied valuation of Plus Shanghai of RMB902.9 million, which was determined after arm's length negotiation with reference to the investment amount of Houyang Sailing as a limited partner of Mingda Shengrui in Plus Shanghai plus a simple interest rate of 10% per annum minus received dividends and income before divestment and was fully settled by Mr. Sun on 29 September 2018.

7. *Divestment by Gongqingcheng Cema*

Pursuant to the supplemental agreement to the capital increase agreement dated 30 May 2016 and repurchase agreement entered into between Mr. Sun and Gongqingcheng Cema on 9 September 2019, Gongqingcheng Cema transferred 1.94% equity interests in Plus Shanghai to Mr. Sun at a consideration of RMB7.2 million with an implied valuation of Plus Shanghai of RMB371.1 million, which was determined after arm's length negotiation taking into account of the personal demand of funds of Mr. Yu and with reference to the asset value of Plus Shanghai as at 30 June 2019. Such consideration was fully settled by Mr. Sun on 10 December 2019. The divestment by Gongqingcheng Cema was mainly because Plus Shanghai changed the direction of its business development. Gongqingcheng Cema ceased to be the shareholder of Plus Shanghai upon completion of such transfer.

8. *Equity transfers in 2019 and 2020*

On 15 July 2019, in order to realise his investment return, Mr. Xu entered into an equity transfer agreement with Mr. Xia who is optimistic of the growth potential and business prospects of our Group. Pursuant to the equity transfer agreement, Mr. Xu agreed to transfer 5.93% of the shareholding interests of Plus Shanghai held by him to Mr. Xia at a consideration of RMB4.7 million, which was determined after arm's length negotiation between the parties taking into account of then personal financial condition of Mr. Xu and was fully settled by Mr. Xia on even date.

On 22 October 2020, Mr. Sun entered into an equity transfer agreement with Mr. Xia, pursuant to which Mr. Sun agreed to transfer 2% of the shareholding interests of Plus Shanghai held by him to Mr. Xia at a consideration of RMB11.1 million, which was determined after arm's length negotiation between the parties with reference to the valuation of the investment by Houyang Zaixin and Gongqingcheng Cema in 2016, being the latest investments by external investors and was fully settled by Mr. Xia on the same day.

On 26 November 2020, Mr. Sun further entered into an equity transfer agreement with Shanghai Puwei, pursuant to which Mr. Sun agreed to transfer 4.87% of the shareholding interests of Plus Shanghai held by him to Shanghai Puwei for employee incentive purpose at a consideration of RMB27 million, which was determined after arm's length negotiation with reference to the above valuation of the transfer between Mr. Sun and Mr. Xia in October 2020. The consideration was fully settled by Shanghai Puwei on 1 December 2020. Shanghai Puwei is a limited liability partnership established under the laws of the PRC on 12 November 2020 and was an employee shareholding platform of Plus Shanghai prior to the Reorganisation. At the time of the equity transfer, the partnership interest in Shanghai Puwei was held by Mr. Yang, our executive Director, as the general partner and by Mr. Sun, our executive Director, Mr. Bai Fuli (白福利), our vice president, Ms. Chen Li (陳力), our financial controller, Mr. Cui Yanan (崔亞楠), our technical controller and other 29 then employees of our Group as limited partners. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Shanghai Puwei, which held 3,000,000 shares of Plus Shanghai (which were later converted into RMB3.0 million registered capital, representing 4.87% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in

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turn held by 35 current and former employees of our Group. After completion of the conversion and prior to the Reorganisation, two former employees exited from Shanghai Puwei. Immediately prior to the Reorganisation, Shanghai Puwei held 4.87% of registered capital of Plus Shanghai, among which 4.22% of registered capital of Plus Shanghai were held by 33 current and former employees of our Group, while the remaining 0.65% of registered capital of Plus Shanghai was held by one Independent Third Party who was also a limited partner of Mingda Shengrui immediately prior to the Reorganisation.

Upon completion of such shareholding transfer, Plus Shanghai was held as to 64.49%, 11.17%, 9.95%, 7.04%, 4.87%, 1.36% and 1.12% by Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong and Ningbo Hanzhong, respectively.

9. Conversion into a company with limited liability in July 2021

On 30 July 2021, Plus Shanghai was converted from a joint-stock company into a company with limited liabilities and was renamed as Plus (Shanghai) Digital Technologies Co., Ltd.* (普樂師(上海)數字科技有限公司).

Winning Marketing Solution

Winning Marketing Solution was established on 25 June 2004 under the laws of the PRC with an initial registered capital of RMB0.5 million. At the time of its establishment, Winning Marketing Solution was owned as to 70% and 30% by Ms. Tan Hui (覃慧) and Mr. Xu, respectively. Ms. Tan Hui is the spouse of Mr. Sun and she held the equity interests for and on behalf of Mr. Sun.

On 4 February 2009, in order to release the entrusted shareholding, Ms. Tan Hui transferred her equity interests in Winning Marketing Solution to Mr. Sun, respectively.

After a series of capital increases, equity transfers and share swap transactions, Winning Marketing Solution became wholly-owned by Plus Shanghai on 28 November 2014. There has been no change of equity interests of Winning Marketing Solution since then. As a result of the Reorganisation, Winning Marketing Solution became an indirectly wholly-owned subsidiary of our Company.

Mecool Marketing

Mecool Marketing was established on 18 July 2012 under the laws of the PRC with registered capital of RMB3 million. At the time of its establishment, Mecool Marketing was owned as to 70% and 30% by Mr. Sun and Mr. Xu, respectively.

On 22 September 2014, the registered capital of Mecool Marketing was increased from RMB3 million to RMB12 million by RMB9 million, which was contributed by Plus Shanghai. Upon completion of such capital increase, Mecool Marketing was held as to 75%, 17.5% and 7.5% by Plus Shanghai, Mr. Sun and Mr. Xu, respectively.

After a series of capital increases, equity transfers and share swap transactions, Mecool Marketing became wholly-owned by Plus Shanghai on 20 November 2014. There has been no change of equity interests of Mecool Marketing since then. As a result of the Reorganisation, Mecool Marketing became an indirectly wholly-owned subsidiary of our Company.

Shanghai Harvest

Shanghai Harvest was established on 10 June 2009 under the laws of the PRC with an initial registered capital of RMB1 million. At the time of its establishment, Shanghai Harvest was owned as to 70% and 30% by Mr. Sun Guangzhi (孫廣智) and Ms. Fu Wenjing (付文靜), respectively. Mr. Sun Guangzhi, being the brother of Mr. Sun, and Ms. Fu, being the spouse of Mr. Xu, held their respective equity interests in Shanghai Harvest for and on behalf of Mr. Sun and Mr. Xu, respectively. On 25 September 2013, the registered capital of Shanghai Harvest was increased from RMB1 million to RMB2 million, which was contributed by Mr. Sun Guangzhi and Ms. Fu Wenjing in proportion to their respective equity interests in Shanghai Harvest held for and on behalf of Mr. Sun and Mr. Xu, respectively.

On 24 October 2013, in order to release the entrusted shareholding, Mr. Sun Guangzhi and Ms. Fu transferred their respective entire equity interests in Shanghai Harvest to Mr. Sun and Mr. Xu, respectively.

On 18 September 2014, the registered capital of Shanghai Harvest was increased from RMB2 million to RMB8 million, the increase in registered capital of RMB6 million was contributed by Plus Shanghai. Upon completion of such capital increase, Shanghai Harvest was held as to 75%, 17.5% and 7.5% by Plus Shanghai, Mr. Sun and Mr. Xu, respectively.

After a series of capital increases, equity transfers and share swap transactions, Shanghai Harvest became wholly-owned by Plus Shanghai on 28 November 2014. There has been no change of equity interests of Shanghai Harvest since then. As a result of the Reorganisation, Shanghai Harvest became an indirectly wholly-owned subsidiary of our Company.

Shanghai Chengzhi

Shanghai Chengzhi was established under the laws of the PRC on 6 August 2020. At the time of its establishment, Shanghai Chengzhi was held as to 70% and 30% to Plus Shanghai and Mr. Bai Fuli (白福利) (“**Mr. Bai**”), a vice president of our Company, respectively. After the acquisition by Plus Shanghai of minority interest from Mr. Bai in December 2021, Shanghai Chengzhi became a wholly-owned subsidiary of Plus Shanghai. For details, see subsection headed “— Acquisitions and Disposals — Acquisition of minority interest of Shanghai Chengzhi”. There has been no change of equity interests in Shanghai Chengzhi since then.

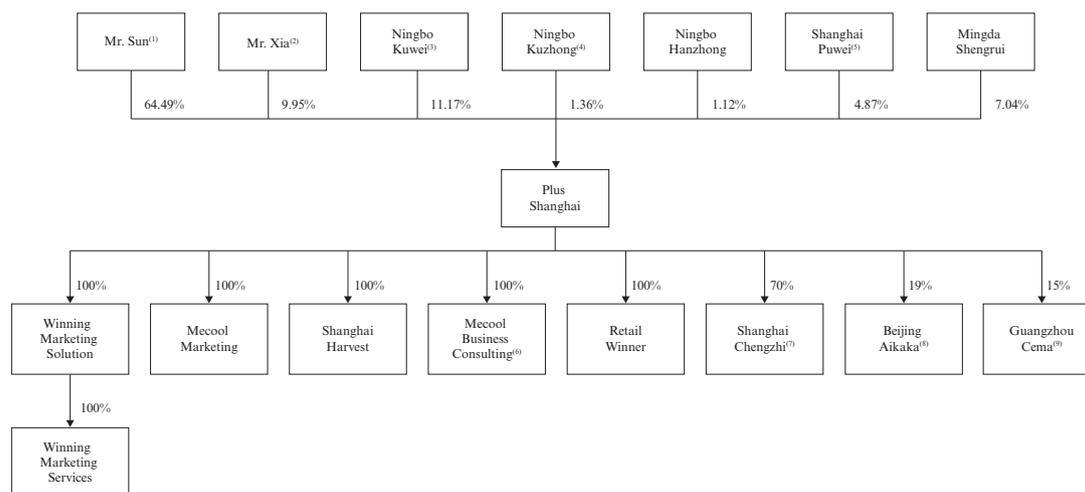
Retail Winner

Retail Winner was established under the laws of the PRC on 1 April 2017 mainly engaged in system development. Retail Winner has been wholly-owned by Plus Shanghai since its establishment.

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REORGANISATION

In order to optimise our corporate structure to further develop the business of our Group and to more readily access the international capital markets, we underwent a corporate Reorganisation in preparation for the Global Offering, details of which are set out below. The shareholding and corporate structure of our Group immediately prior to the Reorganisation are set out in the chart below:



Notes:

- (1) Being an executive Director of our Company.
- (2) Mr. Xia has been an adviser of Plus Shanghai since January 2015.
- (3) Ningbo Kuwei is a limited liability partnership established on 22 October 2014 under the laws of the PRC and an employee shareholding platform of Plus Shanghai prior to the Reorganisation holding approximately 11.17% equity interest in Plus Shanghai. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Ningbo Kuwei, which held 6,873,204 shares of Plus Shanghai (which were later converted into approximately RMB6.87 million registered capital, representing 11.17% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in turn held by nine current and former employees of our Group. Immediately prior to the Reorganisation, the partnership interest in Ningbo Kuwei was held as to 20.87% by Shanghai Guangku Business Consulting Centre* (上海廣酷商務諮詢中心) as general partner, which was in turn wholly-owned by Mr. Sun, our executive Director, as to 12.12% by Mr. Yang, our executive Director, and as to 67.01% by other seven current and former employees of our Group as limited partners.
- (4) Ningbo Kuzhong is a limited liability partnership established on 2 July 2015 under the laws of the PRC and an employee shareholding platform of Plus Shanghai prior to the Reorganisation holding approximately 1.36% equity interest in Plus Shanghai. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Ningbo Kuzhong, which held 834,865 shares of Plus Shanghai (which were later converted into approximately RMB0.83 million registered capital, representing 1.36% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in turn held by 20 current and former employees of our Group. Immediately prior to the Reorganisation, the partnership interest in Ningbo Kuzhong was held as to 9.13% by Mr. Xia as general partner, as to 3.61% by Ms. Chen Li (陳力), our financial controller, and as to 87.26% by other 18 current and former employees of our Group as limited partners.

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- (5) Shanghai Puwei is a limited liability partnership established on 12 November 2020 under the laws of the PRC and an employee shareholding platform of Plus Shanghai prior to the Reorganisation holding approximately 4.87% of equity interest in Plus Shanghai. Prior to the conversion of Plus Shanghai into company with limited liability in July 2021, Shanghai Puwei, which held 3,000,000 shares of Plus Shanghai (which were later converted into RMB3.0 million registered capital, representing 4.87% of registered capital of Plus Shanghai immediately prior to the Reorganisation), was in turn held by 35 current and former employees of our Group. After completion of the conversion and prior to the Reorganisation, two former employees exited from Shanghai Puwei. Immediately prior to the Reorganisation, the partnership interest in Shanghai Puwei was held as to 29% by Mr. Sun as general partner, as to 5.52% by Mr. Yang, our executive Director, as to 13.97% by Mr. Bai Fuli (白福利), our vice president, as to 3.33% by Ms. Chen Li (陳力), our financial controller, as to 1% by Mr. Cui Yanan (崔亞楠), our technical controller, as to 33.85% by other 28 current and former employees of our Group and as to 13.33% by an Independent Third Party who was also a limited partner of Mingda Shengrui, as limited partners.
- (6) Mecool Business Consulting was established under the laws of the PRC on 29 June 2015 and an indirect wholly-owned subsidiary of our Company.
- (7) Shanghai Chengzhi became a wholly-owned subsidiary of our Company as part of the Reorganisation after Plus Shanghai acquired 30% minority interests from the then shareholder Mr. Bai, a vice president of the Company. For details, see subsection headed “— Acquisitions and disposals — Acquisition of minority interest of Shanghai Chengzhi”.
- (8) Beijing Aikaka Information Technology Ltd. (北京愛咔咔信息技術有限公司) (“**Beijing Aikaka**”) was established under the laws of the PRC on 2 March 2012 and is principally engaged in technology development. Immediately prior to the Reorganisation and as of the Latest Practicable Date, the remaining equity interests of Beijing Aikaka was held as to 54.37%, 18.22%, 4.35% and 4.05% by Wu Guorui (鄒國銳), Zhuhai Zhongguan Qianming Venture Capital (Limited Partnership) (珠海中觀乾明創業投資企業(有限合夥)), Liu Guanpeng (劉關鵬) and Wang Fengyou (王奉友), respectively, who all were Independent Third Parties.
- (9) Guangzhou Cema Information Technology Consulting Co., Ltd.* (廣州策碼信息技術諮詢有限公司) (“**Guangzhou Cema**”) was established under the laws of the PRC on 27 March 2015 and is principally engaged in software development. Immediately prior to the Reorganisation and as of the Latest Practicable Date, the remaining equity interests of Guangzhou Cema was held as to 75% and 10% by Mr. Yu and Wang Lie (王烈), respectively, who both were Independent Third Parties.

1. Incorporation of Our Company

Our Company was incorporated as an exempted company with limited liability in Cayman Islands on 30 September 2021, with an authorised share capital of US\$50,000 divided into 50,000 shares of a nominal or par value of US\$1 each.

Upon the incorporation, one ordinary share of par value of US\$1 was allotted and issued to an initial subscriber, an Independent Third Party at par value, and was subsequently transferred to Guangjun Sun Holdings. On even date, our Company allotted and issued a total of 19,999 ordinary shares of par value of US\$1 each to Guangjun Sun Holdings, Guangjun Holdings, Robert Sun Holdings, Hannah Xia Holdings, Sky Xia Holdings, Kuwei Holdings, Kuzhong Holdings and Puzhong Holdings at par value.

Each of Guangjun Sun Holdings and Guangjun Holdings was ultimately controlled by Mr. Sun, while each of Hannah Xia Holdings and Sky Xia Holdings was ultimately controlled by Mr. Xia. Kuwei Holdings, Kuzhong Holdings and Puzhong Holdings were established to reflect the respective shareholding of general and/or limited partners (except for Mr. Sun and Mr. Xia, who hold Shares of our Company through their respective private offshore entities) of Ningbo Kuwei, Ningbo Kuzhong, Shanghai Puwei, Mingda Shengrui and Ningbo Hanzhong, being shareholders of Plus Shanghai from onshore to offshore immediately prior to the Reorganisation.

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Each of the ultimate shareholders of Kuwei Holdings, Kuzhong Holdings and Puzhong Holdings is a general or a limited partner of Ningbo Kuwei, Ningbo Kuzhong, Shanghai Puwei, Mingda Shengrui or Ningbo Hanzhong.

2. Incorporation of our BVI subsidiary

On 12 October 2021, Channel Power was incorporated as a limited liability company in the BVI. On even date, one share was allotted and issued to our Company and Channel Power became a directly wholly-owned subsidiary of our Company.

3. Incorporation of our Hong Kong subsidiary

On 5 November 2021, Plus (HK) was incorporated in Hong Kong. Upon the incorporation, 10,000 shares were allotted and issued to Channel Power and Plus (HK) became an indirectly wholly-owned subsidiary of our Company.

4. Establishment of WFOE

On 30 November 2021, WFOE was established under the laws of the PRC as a wholly foreign owned enterprise with a registered capital of US\$10 million and it is wholly-owned by Plus (HK).

5. Capital increase of Plus Shanghai in December 2021 and conversion into a foreign-invested enterprise

In December 2021, the registered capital of Plus Shanghai was increased from RMB61.6 million to RMB62.2 million. Pursuant to the capital increase agreement dated 8 December 2021, New Mercury Investments agreed to subscribe for the increased registered capital of RMB0.6 million at a consideration of RMB3.5 million, which was determined after arm's length negotiation with reference to the net assets of Plus Shanghai as of 31 August 2021 appraised by an independent valuer. At the time of the capital increase, New Mercury Investments was wholly-owned by Mr. Pun Kai Cheung (潘啟祥) ("Mr. Pun"), an Independent Third Party. After such capital increase, Plus Shanghai became a foreign-invested enterprise.

6. Capital increase by WFOE into Plus Shanghai

In January 2022, the registered share capital of Plus Shanghai was further increased from RMB62.2 million to RMB621.8 million, with additional RMB559.6 million share capital subscribed by WFOE. Upon completion of such capital increase, Plus Shanghai was held as to 6.38%, 1.11%, 0.99%, 0.70%, 0.48%, 0.13%, 0.11%, 0.1% and 90% by Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong, Ningbo Hanzhong, New Mercury Investments and WFOE, respectively.

7. Acquisition of minority interests of Plus Shanghai

Pursuant to the equity transfer agreement dated 9 February 2022, (i) Mr. Sun agreed to transfer 6.38% equity interests in Plus Shanghai to WFOE at a consideration of RMB22.4 million; (ii) Ningbo Kuwei agreed to transfer 1.11% equity interests in Plus Shanghai to WFOE at a consideration of RMB3.9 million; (iii) Mr. Xia agreed to transfer 0.99% equity interests in Plus Shanghai to WFOE at a consideration of RMB3.5 million; (iv) Mingda Shengrui agreed to transfer 0.70% equity interests in Plus Shanghai to WFOE at a consideration of RMB2.5 million; (v) Shanghai Puwei agreed to transfer 0.48% equity interests in Plus Shanghai to WFOE at a consideration of RMB1.7 million; (vi) Ningbo Kuzhong agreed to transfer 0.13% equity interests in Plus Shanghai to WFOE at a consideration of RMB0.5 million; and (vii) Ningbo Hanzhong agreed to transfer 0.11% equity interests in Plus Shanghai to WFOE at a consideration of

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RMB0.4 million. The above considerations were based on after arm's length negotiation with reference to the net assets of Plus Shanghai as of 31 August 2021 appraised by an independent valuer. The aforesaid transfers have been completed on 11 March 2022 and fully settled on 11 July 2022. Immediately after the completion of the equity transfers, Plus Shanghai was held as to 99.9% by WFOE and as to 0.1% by No.1 Mercury Holdings, respectively.

8. Subdivision and share swap

On 25 February 2022, each Share of par value of US\$1 of our Company was subdivided into 100 Shares of par value of US\$0.01 each and, following the subdivision, the authorised share capital of our Company became US\$50,000 divided into 5,000,000 Shares of par value of US\$0.01 each.

On 1 March 2022, a share swap agreement was entered into between our Company, Channel Power, Brand Wisdom and No.1 Mercury Holdings, pursuant to which Brand Wisdom agreed to sell and Channel Power agreed to purchase one share of No. 1 Mercury Holdings with the par value of US\$1 at the consideration of our Company allotting and issuing 4,008 Shares with the par value of US\$0.01 each to Brand Wisdom. Such consideration was determined after arm's length negotiation between the parties after taking into account a number of factors, including the timing of the investment, financial performance and prospects of our business outlook. Upon completion of the share swap, our Company was owned as to approximately 52.36%, 14.97%, 8.58%, 7.17%, 5.50%, 5.25%, 4.98%, 1% and 0.2% by Guangjun Holdings, Guangjun Sun Holdings, Kuwei Holdings, Hannah Xia Holdings, Puzhong Holdings, Kuzhong Holdings, Sky Xia Holdings, Robert Sun Holdings and Brand Wisdom, respectively.

SHARE SUBDIVISION

On 4 April 2023, each issued and unissued Shares of par value of US\$0.01 of our Company was subdivided into 50 Shares of par value of US\$0.0002 each and, following the subdivision, the authorised share capital of our Company became US\$50,000 divided into 250,000,000 Shares at a par value of US\$0.0002 and the issued share capital of our Company became US\$20,040.08 divided into 100,200,400 Shares of par value of US\$0.0002 each.

PREVIOUS A SHARE LISTING ATTEMPT

Plus Shanghai previously considered the possibility of seeking an initial public offering in the PRC (“**A Share Listing Attempt**”). On 25 December 2015, Plus Shanghai engaged a tutoring agency (the “**Tutoring Agency A**”) to provide tutoring and preliminary compliance advice in regards to the requirements of the CSRC. Since the Tutoring Agency A was unable to adhere to the listing timetable and by consent of both parties, Plus Shanghai terminated engagement with the Tutoring Agency A in accordance with the submission made by the Tutoring Agency A on 6 May 2016 to CSRC Shanghai Commissioner Office (“**CSRC SH**”). On 23 May 2016, Plus Shanghai engaged another tutoring agency (the “**Tutoring Agency B**”). Subsequently, Plus Shanghai made various informal preliminary filings (上市輔導備案) with the CSRC SH. The purpose of the informal preliminary filings was to report to the CSRC SH from time to time in respect of the progress of the preliminary guidance and tutoring services provided by the engaged tutoring agency in accordance with the relevant CSRC's guidelines on the Group's major operational and financial condition, corporate governance and internal control measures. However, considering the then A share market environment and the relatively long vetting process, and based on the discussions with Tutoring Agency B, Plus Shanghai considered that there would be uncertainties to complete the A share listing within its expected listing timetable, thus, Plus Shanghai voluntarily decided not to pursue A Share Listing Attempt. By the consent of Plus Shanghai and the Tutoring Agency B upon

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

amicable negotiations, Plus Shanghai terminated the engagement with the Tutoring Agent B on 26 December 2017. The informal preliminary filing in relation to A Share Listing Attempt did not constitute a formal listing application by itself.

Upon the settlement of considerations by Mr. Sun in relation to former investors' divestment in December 2019 and following the continued growth in our business scale and financial performance, especially after the launch of our new business segments, namely tasks and marketers matching services and SaaS+ subscription in 2019 and 2020, respectively, we reconsidered the chances of tapping into capital markets in 2021 and believed that the Stock Exchange, taking into account, among others, its international recognition and reputation and the diversified fund-raising channels provided by Hong Kong capital market, as an appropriate listing venue. Our Directors believed that the listing on the Stock Exchange can enable us to access the overseas financing opportunities and investors on the international capital market who are more familiar with the industry that our Group operates in and our business model, and facilitate our strategy of expansion into overseas market. Our Group then began corporate Reorganisation in preparation for the listing on the Stock Exchange in the second half of 2021.

To the best of their knowledge, our Directors are not aware of any other matters relating to the A Share Listing Attempt which are relevant to the Listing and should be brought to the attention of the Stock Exchange and the investors. Our Directors further confirm that save for (i) the change in shareholding structure of our Group in relation to divestment by former investors and equity transfers in 2019 and 2020 as disclosed in the paragraphs “— Corporate history prior to the Reorganisation — Plus Shanghai — 6. Divestment by Jiuding and Houyang”, “— Corporate history prior to the Reorganisation — Plus Shanghai — 7. Divestment by Gongqingcheng Cema”, and “— Corporate history prior to the Reorganisation — Plus Shanghai — 8. Equity transfers in 2019 and 2020” in this section; (ii) the corporate Reorganisation in preparation for the Global Offering as disclosed in “— Reorganisation” in this section; (iii) the introduction of our tasks and marketers matching services and SaaS+ subscription in 2019 and 2020, respectively; and (iv) other developments as disclosed in this Prospectus, there have been no material changes of our Group since December 2017 that shall be brought to the attention of the Stock Exchange and the investors.

Based on the above and the Joint Sponsors' due diligence work of, among others, (i) obtaining and reviewing a written questionnaire completed by our Company with respect to (a) the background and sequence of events leading up to the A Share Listing Attempt, (b) the professional parties involved and the work conducted by them, and (c) the termination of the A Share Listing Attempt; (ii) conducting interviews with certain professional parties engaged by Plus Shanghai in connection with the A Share Listing Attempt; (iii) reviewing relevant engagement and termination agreements between Plus Shanghai and various professional parties involved in the A Share Listing Attempt; (iv) performing searches on the website of the CSRC SH and reviewing publicly available documents in relation to the A Share Listing Attempt; and (v) reviewing available reports prepared by the professional parties with respect to the A Share Listing Attempt, the Joint Sponsors are not aware of any material issue relating to the A Share Listing Attempt, which materially and adversely affects our Company's suitability for the Listing, and of any other matter to be brought to the attention of the Stock Exchange regarding the A Share Listing Attempt.

PRE-IPO INVESTMENT

Pursuant to the capital increase agreement dated 8 December 2021, New Mercury Investments agreed to subscribe for the increase in registered capital of RMB0.6 million of Plus Shanghai at a consideration of RMB3.5 million. New Mercury Investments was then wholly-owned by Mr. Pun. For details, see paragraph headed “— Reorganisation — Capital increase of Plus Shanghai in December 2021 and conversion into a foreign-invested enterprise” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

To mirror the above investment at the Company's level, on 1 March 2022, a share swap agreement was entered into between our Company, Channel Power, Brand Wisdom and No.1 Mercury Holdings, pursuant to which Brand Wisdom agreed to sell and Channel Power agreed to purchase one share of No.1 Mercury Holdings with the par value of US\$1 at the consideration of our Company allotting and issuing 4,008 shares with the par value of US\$0.01 each to Brand Wisdom. Such consideration was determined after arm's length negotiation between the parties after taking into account a number of factors, including the timing of the investment, financial performance and prospects of our business outlook.

Upon the completion of the pre-IPO investment described above on 1 March 2022, the Company became indirectly owned as to 0.2% by Mr. Pun.

Further details of the pre-IPO investment are set out below:

Name of investor and relationship with our Group	Mr. Pun, an Independent Third Party
Date of investment agreement	8 December 2021
Amount of consideration paid	RMB3.5 million
Payment date of consideration	18 February 2022
Effective cost per Share paid	RMB17.5 per Share
Effective premium to the Offer Price ⁽¹⁾	77.92%
Use of proceeds	The proceeds are intended to be utilised towards our general working capital. As of the Latest Practicable Date, the proceeds from the pre-IPO investment had been fully utilised.
Strategic benefits	The pre-IPO investment provided additional working capital for our Company.
Shareholding in our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised)	0.16% (through Brand Wisdom)

Note:

- (1) The premium of the price paid per Share to the indicative Offer Price is calculated based on an Offer Price of HK\$11.2, being the mid-point of the indicative range of the Offer Price between HK\$10.6 and HK\$11.8. The cost per Share paid by the Pre-IPO Investor was based on the then market condition at the time of the investment.

With respect to the pre-IPO investment, Mr. Pun has not been granted any special rights in relation to our Company.

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Background of Brand Wisdom

Mr. Pun is a private investor who has knowledge of the capital market in Hong Kong. He was a member of Hong Kong Productivity Council from 2003 to 2004 and a member of the Committee of Technologist Training of the Vocational Training Council from January 2001 to December 2007. Mr. Pun was the chairman of the industrial and technology committee of Industry and Technology of Hong Kong General Chamber of Commerce in 2002. Mr. Pun is currently the director and the general manager of a fund management company in the PRC. Mr. Pun is a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Pun became acquainted with our Controlling Shareholder, Mr. Sun through a former colleague of Mr. Pun in 2021. He directly holds 100% equity interest in Brand Wisdom, which is a company incorporated in the BVI with limited liability. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Pun will be interested in 200,400 Shares through Brand Wisdom, representing 0.16% of the total number of our Shares in issue.

Public Float

Neither Mr. Pun nor Brand Wisdom will be a substantial shareholder of our Company, and other than the pre-IPO investment in our Group, Mr. Pun and Brand Wisdom are Independent Third Parties, hence the Shares held by Mr. Pun through Brand Wisdom will be counted towards the public float of our Company following the Listing for the purpose of Rule 8.08 of the Listing Rules.

Joint Sponsors' View

On the basis that (i) the consideration for the Pre-IPO Investment was irrecoverably settled at least 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) no special rights were granted to the Pre-IPO Investors in connection with the Pre-IPO Investment as confirmed by our Directors, the Joint Sponsors are of the view that the Pre-IPO Investment is in compliance with (i) the Interim Guidance on Pre-IPO Investments (HKEx-GL29-12) issued by the Stock Exchange, and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange. The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange is not applicable to the Pre-IPO Investment as no convertible instrument was issued.

ACQUISITIONS AND DISPOSALS

Acquisition and disposal of Guangzhou Cema

Guangzhou Cema was established under the laws of the PRC on 27 March 2015 as a limited liability company with a registered capital of RMB1 million. At that time, Guangzhou Cema was principally engaged in software development and Plus Shanghai decided to invest in Guangzhou Cema mainly due to the consideration of developing its own system leveraging its existing technology and resources of Guangzhou Cema. Pursuant to the investment agreement entered into between Guangzhou Cema, Plus Shanghai and the then shareholders of Guangzhou Cema dated 27 April 2016, Plus Shanghai subscribed for 10% equity interests with RMB2 million by capital injection and acquired 41% equity interests of Guangzhou Cema from the then shareholders, who were Independent Third Parties, at a consideration of RMB8.2 million. The consideration was determined after arm's length negotiation with reference to a valuation report issued by an independent valuer and was fully settled on 21 June 2016. Upon such acquisition Guangzhou Cema was owned as to 51% by Plus Shanghai and became a non-wholly-owned subsidiary of Plus Shanghai.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 9 December 2019, Plus Shanghai decided to dispose of 36% of total equity interests of Guangzhou Cema due to the status of its business performance, its progress of the system development and the change of its principal business from software development to market investigation and study, thus entered into an equity transfer agreement with Mr. Yu Siwei (于思未) (“**Mr. Yu**”), a founder of Guangzhou Cema, who also intended to retake control over Guangzhou Cema. Pursuant to the equity transfer agreement Plus Shanghai transferred 36% of its equity interest in Guangzhou Cema to Mr. Yu at a consideration of RMB7.2 million, which was determined after arm’s length negotiation between the parties with reference to a valuation report issued by an independent valuer. The consideration was fully paid by Mr. Yu on 9 December 2019. Upon completion of such equity transfer, Guangzhou Cema was held as to 15% by Plus Shanghai and ceased to be a subsidiary of Plus Shanghai.

Acquisition of minority interest of Shanghai Chengzhi

Shanghai Chengzhi was established under the laws of the PRC on 6 August 2020 as a limited liability company with a registered capital of RMB5 million. Upon establishment, Shanghai Chengzhi was held by Plus Shanghai and Mr. Bai as to 70% and 30%, respectively. Shanghai Chengzhi mainly focuses on providing sales and marketing services. On 25 December 2021, in order to integrate commercial resources, Plus Shanghai entered into an equity transfer agreement with Mr. Bai, pursuant to which Mr. Bai agreed to transfer 30% equity interests of Shanghai Chengzhi to Plus Shanghai at a consideration of RMB1.5 million, which was determined after arm’s length negotiation between the parties with reference to the net assets of Shanghai Chengzhi as at 30 September 2021 appraised by an independent valuer and was fully settled by Plus Shanghai on 29 December 2021. Upon the equity transfer, Shanghai Chengzhi became a wholly-owned subsidiary of the Company.

Our PRC Legal Adviser confirmed that the acquisition and disposal of Guangzhou Cema and acquisition of Shanghai Chengzhi had complied with the applicable laws and regulations in all material respects.

Save as disclosed above, our Directors confirm that the Company has not undertaken any other material acquisition or disposal during the Track Record Period.

RSU SCHEME

We adopted the RSU Scheme on 13 January 2022 to incentivise employees, directors, officers, and consultants for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in the Company. Robert Sun Holdings was incorporated in the BVI for the purpose of holding Shares for grant under the RSU Scheme. On 30 September 2021, our Company issued 1,800 ordinary shares of par value of US\$1 each to Robert Sun Holdings, representing 9% of the then total issued share capital of our Company, of which 1,000 and 600 ordinary shares of par value of US\$1 each were subsequently transferred to Guangjun Holdings on 30 November 2021 and 11 January 2022, respectively. The remaining 200 ordinary shares of par value of US\$1 each were subdivided into 20,000 Shares of par value of USD0.01 each, representing approximately 1% of total issued Shares of our Company as of the Latest Practicable Date. On 17 January 2022, our Company entered into a trust deed (the “**Trust Deed**”) with Kastle Limited (the “**Trustee**”), pursuant to which the Trustee has agreed to act as the trustee to administer the RSU Scheme and to hold the Shares underlying the RSU Scheme through Robert Sun Holdings Limited. As of the Latest Practicable Date, all RSUs had been granted under the RSU Scheme and our Company will not issue or grant further RSUs under the RSU Scheme after the Listing.

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According to the RSU Scheme, the voting rights attached to the Shares underlying the RSUs are vested with the Trustee prior to the vesting and exercise thereof by the Participant. For details, see “Appendix IV — Statutory and General Information — D. Other Information — 1. RSU Scheme” in this prospectus.

ESTABLISHMENT OF MR. SUN’S FAMILY TRUST AND MR. XIA’S FAMILY TRUST

As of the Latest Practicable Date, Mr. Sun has established Mr. Sun’s Family Trust, of which he is the settlor for the benefit of Mr. Sun and Junshu Holdings with Trident Trust as the trustee. Guangjun Holdings (which holds 52.36% of the Shares of our Company immediately before the Global Offering) is held by Summit Plus (which is wholly-owned by Mr. Sun’s Family Trust) and Junshu Holdings as to 99% and 1%, respectively, immediately before the Listing.

As of the Latest Practicable Date, Mr. Xia has established Mr. Xia’s Family Trust, of which he is the settlor for the benefit of Mr. Xia and Jonson Xia Holdings with Trident Trust as the trustee. Hannah Xia Holdings (which holds 7.17% of Shares immediately before the Global Offering) is held by Jonson Xia Smile Holdings (which is wholly-owned by Mr. Xia’s Family Trust), and Jonson Xia Holdings as to 99% and 1%, respectively, immediately before the Listing.

PRC LEGAL COMPLIANCE

Our PRC Legal Adviser has confirmed that (i) all relevant governmental approvals, filings, permits and licences required under the PRC laws and regulations have been obtained or made, as applicable, for the Reorganisation and the Pre-IPO Investments in the PRC in respect of our PRC subsidiaries mentioned above; and (ii) the Reorganisation and the Pre-IPO Investments in the PRC have been legally completed and has complied with all relevant PRC laws and regulations that are currently in force in all material aspects.

SAFE registration

Pursuant to the Circular 37, promulgated by SAFE which became effective on 14 July 2014, a PRC resident must register with the local branch of SAFE before he or she contributes legal assets or equity interests in an overseas special purpose vehicle, which is directly established or indirectly controlled by the PRC resident for the purpose of overseas investment or financing.

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

As advised by our PRC Legal Adviser, the individual beneficial owners of our Company who are PRC residents and are required to complete the registration under Circular 37 and Circular 13, namely Mr. Sun and other 59 individuals have duly completed the foreign exchange registrations on 22 October 2021 in relation to their offshore investment as PRC residents.

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M&A Rules

On 8 August 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the STA, SAIC, CSRC and SAFE, jointly issued the M&A Rules which became effective on 8 September 2006, and was amended on 22 June 2009. Pursuant to the M&A Rules, “merger and acquisition of domestic enterprises by foreign investors” referred to in the M&A Rules shall mean any of the following where a foreign investor: (i) purchases the equity interest of a shareholder in a domestic non-foreign-invested enterprise (the “**domestic enterprise**”); (ii) subscribes for increased capital of a domestic enterprise so as to convert such domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases and operates the assets of a domestic enterprise by agreement; or (iv) purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign-invested enterprise and operates the assets.

According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with or by a domestic company, enterprise or individual, that has related party relationship with the target company, in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual, shall be subject to examination and approval by MOFCOM.

As advised by our PRC Legal Adviser, in view of the fact that Plus Shanghai was a foreign-invested enterprise when WFOE made the capital injection and acquired the entire equity interests hold by other then shareholders of Plus Shanghai. Therefore, the Reorganisation is not subject to Article 11 of the M&A Rules and as of the Latest Practicable Date, the Global Offering does not require approvals from MOFCOM and the CSRC under the M&A Rules.

PUBLIC FLOAT

Since Guangjun Holdings and Guangjun Sun Holdings are Controlling Shareholders of our Company, the Shares held by them (representing approximately 41.90% and 11.98% of the total issued share capital of our Company immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised) will not be counted towards the public float of our Company upon the Listing. Since Mr. Yang and Mr. Xu Jiwu, being our Director and a director of our subsidiary, respectively, are core connected persons of our Group and are shareholders of Kuwei Holdings, the Shares of our Company held by Kuwei Holdings (representing approximately 6.87% of the total issued share capital of our Company immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised) will not be counted towards the public float of our Company upon the Listing. In addition, since all the RSUs under the RSU Scheme had been granted to Mr. Yang as of the Latest Practicable Date, the Shares held by Robert Sun Holdings for the purpose of RSU Scheme (representing approximately 0.80% of the total issued share capital of our Company immediately upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised) will not be counted towards the public float of our Company upon the Listing.

Save for our Shares held by such Controlling Shareholders, Mr. Yang under the RSU Scheme and Kuwei Holdings as mentioned above, none of the other Shareholders (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to take instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it, therefore the Shares held by other existing Shareholders (representing approximately 18.48% of our issued share capital immediately following the Global Offering, assuming the Over-allotment Option is not exercised) will be counted towards the public float upon the Listing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Taking into account our Shares held by the existing Shareholders of our Company and our Shares to be issued to other public shareholders pursuant to the Global Offering (representing approximately 19.97% of the total issued share capital of our Company immediately upon the completion of the Global Offering), our Directors are of the view that our Company will be able to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

LOCK-UP ARRANGEMENTS

Shares held by our Controlling Shareholders would be subject to a lock-up arrangement pursuant to Rule 10.07(1) of the Listing Rules. For details, see “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings to the Stock Exchange pursuant to the Listing Rules — (B) Undertakings by the Controlling Shareholders”. Our Controlling Shareholders have also agreed to be subject to a lock-up arrangement in favour of our Company and the Overall Coordinators for a period commencing on the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is twelve months from the Listing Date.

Each of Hannah Xia Holdings, Sky Xia Holdings and Robert Sun Holdings has agreed to be subject to a lock-up arrangement in favour of our Company and the Overall Coordinators, for a period commencing on the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is twelve months from the Listing Date.

Brand Wisdom, the offshore entity wholly-owned by our Pre-IPO Investor will be subject to a lock-up arrangement in favour of our Company and the Overall Coordinators for a period commencing on the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is twelve months from the Listing Date.

Each of other existing Shareholders as of the date of this prospectus, has agreed to (i) be subject to a lock-up arrangement in favour of our Company and the Overall Coordinators, for a period commencing on the date by reference to which disclosure of their shareholdings is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-months Period**”), and (ii) not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of more than 50% of the Shares held by them as of the date of this prospectus during the period of six months commencing on the date on which the First Six-months Period expires.

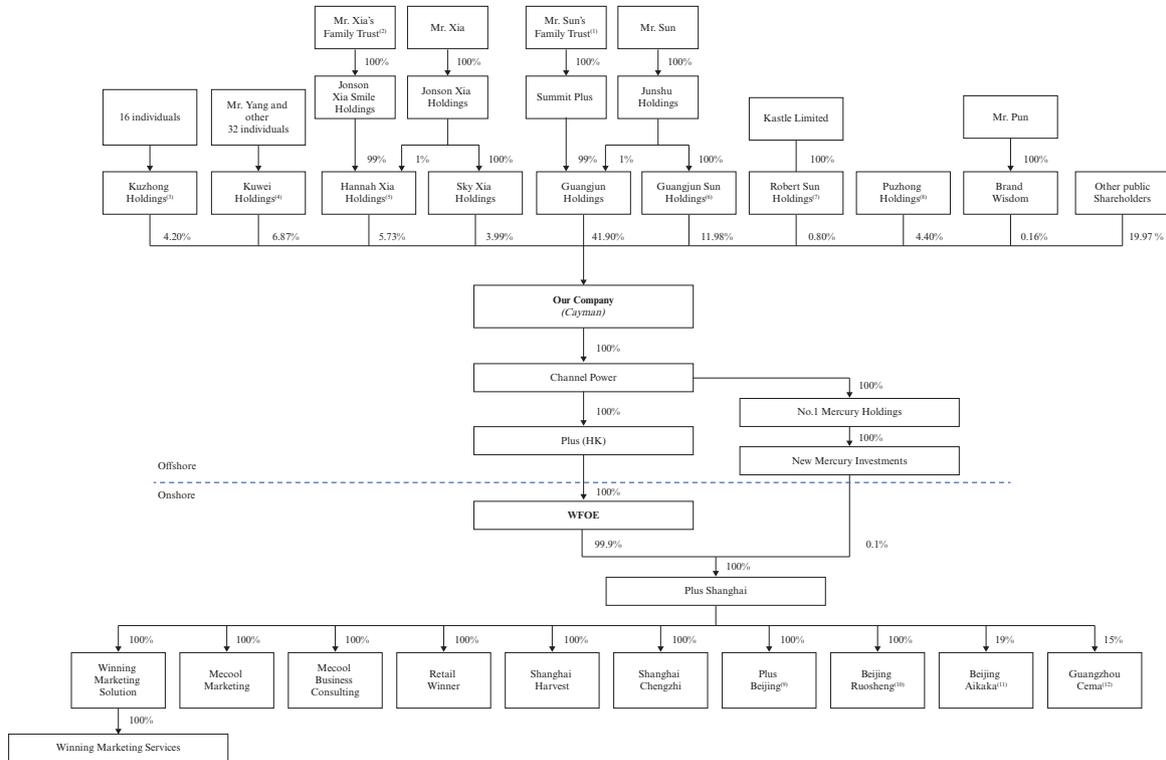
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (4) Kuwei Holdings is held as to approximately 18.84%, 14.77%, 0.58% and 65.81% by Mr. Yang, our executive Director, Mr. Bai Fuli (白福利), our vice president, Mr. Cui Yanan (崔亞楠), our technical controller and other 30 current and former employees of our Company, respectively. Among the 30 current and former employees, (a) 27 of them which in total holds 64.42% in Kuwei Holdings were limited partners of Shanghai Puwei immediately prior to the Reorganisation, among which 14 in total holding 19.18% in Kuwei Holdings were also limited partners of Ningbo Kuzhong, three in total holding 37.56% in Kuwei Holdings were also limited partners of Ningbo Kuwei, one holding 4.42% in Kuwei Holdings was also a limited partner of both Ningbo Kuzhong and Ningbo Hanzhong, and nine in total holding 3.26% in Kuwei Holdings were only limited partners of Shanghai Puwei immediately prior to the Reorganisation; and (b) three of them which holds 1.39% in Kuwei Holdings in total were only limited partners of Ningbo Kuzhong immediately prior to the Reorganisation.
- (5) Hannah Xia Holdings is held as to 99% by Jonson Xia Smile Holdings, which is wholly-owned by Mr. Xia's Family Trust and as to 1% by Jonson Xia Holdings, which in turn is wholly-owned by Mr. Xia, respectively.
- (6) Guangjun Holdings is held as to 99% by Summit Plus, which is wholly-owned by Mr. Sun's Family Trust and as to 1% by Junshu Holdings, which in turn is wholly-owned by Mr. Sun, respectively.
- (7) Robert Sun Holdings is a shareholding platform established for the purpose of holding shares for eligible participants under an RSU Scheme adopted by the Company on 13 January 2022 and is managed by Kastle Limited engaged by our Company. As of the Latest Practicable Date, all of the RSUs under the RSU Scheme had been granted to Mr. Yang. For details, see "RSU Scheme" in this section.
- (8) Puzhong Holdings is held by ten offshore holding companies, among which (a) 3.81% is held by a holding company wholly-owned by Ms. Chen Li (陳力), our financial controller, who was a limited partner of both Ningbo Kuzhong and Shanghai Puwei immediately prior to Reorganisation; (b) 26.14% is held by a holding company wholly-owned by a current employee of our Group, who was a limited partner of both Ningbo Kuwei and Shanghai Puwei immediately prior to Reorganisation; (c) 65.51% is held by six holdings companies wholly-owned by six Independent Third Parties, respectively, who were limited partners of Mingda Shengrui immediately prior to Reorganisation, among which one was also a limited partner of Shanghai Puwei immediately prior to the Reorganisation; (d) 4.54% is held by two holding companies wholly-owned by two Independent Third Parties, respectively, who were limited partners of Ningbo Hanzhong immediately prior to the Reorganisation. All of the shareholders of Puzhong Holdings are not directors or connected persons of our Group.
- (9) Beijing Ruosheng was established under the laws of the PRC on 16 August 2021 and an indirect wholly-owned subsidiary of our Company.
- (10) Plus Beijing was established under the laws of the PRC on 18 August 2021 and an indirect wholly-owned subsidiary of our Company.
- (11) Beijing Aikaka Information Technology Ltd. (北京愛味味信息技術有限公司) was established under the laws of PRC on 2 March 2012 and is principally engaged in technology development. As of the Latest Practicable Date, the remaining equity interests of Beijing Aikaka was held as to 54.37%, 18.22%, 4.35% and 4.05% by Wu Guorui (鄔國銳), Zhuhai Zhongguan Qianming Venture Capital (Limited Partnership)* (珠海中觀乾明創業投資企業(有限合夥)), Liu Guanpeng (劉關鵬) and Wang Fengyou (王奉友), respectively, who all were Independent Third Parties.
- (12) Guangzhou Cema was established under the laws of the PRC on 27 March 2015 and is principally engaged in market investigation and study. As of the Latest Practicable Date, the remaining equity interests of Guangzhou Cema was held as to 75% and 10% by Yu Siwei (于思未) and Wang Lie (王烈), respectively, who both were Independent Third Parties.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure immediately after Global Offering

Our corporate and shareholding structure immediately after the completion of the Global Offering will be as follows (assuming the Over-allotment Option is not exercised):



Notes:

(1) to (12) please refer to the diagram under the sub-section headed “— Corporate structure after the Reorganisation and the Share Subdivision and before the Global Offering” in this section.

OVERVIEW

We are an established sales and marketing service provider, primarily focusing on providing on-site sales and marketing solutions to market-leading FMCG (i.e. fast-moving consumer goods) brand owners and distributors with activities mainly carried out at offline retail stores, such as supermarkets, department stores and outdoor promotional campaigns. During the Track Record Period, we offer four types of services: (i) customised marketing solution; (ii) tasks and marketers matching service; (iii) marketers assignment service; and (iv) SaaS+ subscription. Further details of our services are set out below:

- **Customised marketing solution.** We formulate and implement customised sales and marketing plans for our customers' merchandise at offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

Being our most established and long-standing business, customised marketing solution contributed the largest share of our revenue and accounted for 74.0%, 65.5% and 74.4% of our total revenue during each year of the Track Record Period.

- **Tasks and marketers matching service.** We formulate and implement standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance. In particular, our customers' marketing tasks are published via our digitalised tool, *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendations on tasks and suitable marketers. Also, with the aim to achieving our customers' performance targets, we regularly evaluate the impact of our services on sales performance. Typical examples of standardised sales and marketing activities include sales and promotion of our customers' merchandise and in-store merchandise display.

Tasks and marketers matching service accounted for 7.7%, 14.2% and 13.3% of our total revenue during each year of the Track Record Period.

- **Marketers assignment service.** We assign our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores. We also help manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.

Marketers assignment service accounted for 17.8%, 16.7% and 7.8% of our total revenue during each year of the Track Record Period.

- **SaaS+ subscription.** We offer customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

During each year of the Track Record Period, SaaS+ subscription accounted for 0.5%, 3.6% and 4.5% of our total revenue.

Our services are well recognised in the market. In particular, according to the Agency Scope China 2019/20 study, we were the marketing service agency most valued by our customers for the attributes of (i) innovation; (ii) good at sales promotions/activation; and (iii) good execution. For our other recognitions and awards, see “Awards and recognition” in this section. In addition, leveraging our industry insights, we together with Frost & Sullivan and LeadLeo issued 2022 China Offline Digital Marketing White Paper (《2022年中國線下動銷數字化白皮書》) to analyse challenges and market opportunities of offline sales and marketing under the trend of digital transformation. For details, see “Our sales and marketing” in this section.

Since our inception in 2004, we have strived to provide our customers with sales and marketing services that are comprehensive to their corporate needs. We offer services to customers of different sizes and scales which are scattered over different geographical locations in the PRC in support of their sales and marketing initiatives. Generally, our services require on-site implementation by marketers. Marketers mainly refer to the persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons, frontline staff, etc. In the context of our business operations, we categorise our marketers into employee marketers (who have employment relationships with us) and third-party marketers (who do not have any employment or contractual relationship with us). As of the Latest Practicable Date, our services covered more than 320 cities in 31 provinces/municipalities in China. Meanwhile, benefiting from data collected and processed as a result of our provision of services, we have accumulated data assets of over 4 million of points of sale during the Track Record Period.

Our Market Opportunity and Competition

The retail sales and marketing services market in the PRC have been undergoing digitalisation transformation in recent years, which has brought both challenges and opportunities to our operation. We believe that we can compete with other market players with our technological edge.

Given that our business primarily focuses on on-site sales and marketing activities, the gradual shift of the China’s retail market from offline to online may affect our business operations and financial performance. According to the Frost & Sullivan Report, China’s retail sales and marketing services market is fragmented and highly competitive, with the top five retail sales and marketing services providers taking up approximately 23.4% of the market in 2021 and in terms of revenue, we accounted for approximately 0.02% of the market in the PRC in 2021. China’s retail market is categorised into online and offline channels. In terms of the revenue generated by retail service providers, the online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a slower pace at a CAGR of 3.3% during the same years. Accordingly, considering our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels. For further details, see “Risk Factors — Risks relating to our business — The offline retail market and retail sales and marketing services market in China is subject to various uncertainties. In particular, the emergence of e-commerce and online marketing may adversely affect the demand for our on-site sales and marketing services, as well as the overall offline retail sales and marketing services market in China.”.

Despite the growing online retail sales channel, the offline retail sales channel remains accounting for the larger market share. The offline channel represented more than 67% of the entire retail market over the last five years and according to Frost & Sullivan, with the increasing costs of acquiring and retaining consumers in the online channel and deeper and more tangible consumer experience in the offline channel, the offline retail market is expected to remain larger than the online retail market, and the offline channel is projected to represent more than 58% of the entire retail market in the next five years. In addition, brand

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owners often consider online retail channel as a channel for distributing products supplementary to the offline retail channels. China's retail support services market in terms of revenue is projected to increase from RMB7.9 trillion in 2021 to RMB11.0 trillion in 2026 at a CAGR of 6.8% and the retail sales and marketing services market in China in terms of revenue is expected to grow from RMB2,167.7 billion in 2021 to RMB3,350.1 billion in 2026, yielding a CAGR of 9.1%. The retail sales and marketing services can be categorised into FMCG, durable goods, agricultural means of production, and others. Among all categories under retail sales and marketing services market, FMCG sector holds the largest market share, which amounted to RMB1,261.5 billion and accounted for approximately 58.2% of total market size of the retail sales and marketing services market in terms of revenue in 2021, and is projected to reach RMB1,678.3 billion in 2026, attaining a stable CAGR of 5.9%. In light of the current and projected market share of the offline retail sales channel, we believe that the effect of the gradual shift of the China's retail market from offline to online on us would not be significant.

Our Directors consider that the sales and marketing services market in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection and more complicated offline retail operation, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing budget, which in turn results in increasingly fierce competition for limited customer resources. According to Frost & Sullivan, major market drivers of the retail sales and marketing services market in China include (i) consumption upgrades prompt demand for more customised marketing services; (ii) fiercer competition drives marketing effectiveness enhancement; (iii) rising demand for offline experience. Meanwhile, it is also expected that there will be (i) further expansion of advertising channels and media resources; (ii) growing demand from various product sectors; (iii) a prevalence of marketing technology for integrated service capability; and (iv) performance-based advertising becoming increasingly favoured. On the other hand, we are subject to various threats and challenges. For details, please refer to "Industry Overview".

In addition, our Directors consider that going forward, sales and marketing is expected to be conducted through a combination of online and offline channels, technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from internet, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more integrated and technology-driven. We cannot assure you that we will be able to advance our technology capability successfully or we will be able to provide sales and marketing services that are supported by our digitalised tools to the satisfaction of our customers. As a result, we cannot predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools. Therefore, while we believe we possess a technological edge to deploy in the age of digitalisation transformation, the extent of our future growth may be affected by the uncertainties involved.

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Despite the digitalisation transformation, on-site shopping remains a part of consumers' behaviour, thereby driving the need for offline sales and marketing activities. The slower growth momentum of the offline retail market may be subject to uncertainties. The majority of brand owners in the retail industry have been facing different challenges, such as fiercer competition, fragmented distribution networks and information asymmetry, and they tend to increase investment in offline sales and marketing with a view to obtaining consumer profiles, improving efficiency in the retail value chain, and adopting technology empowered tools and systems while implementing sales and marketing activities. From the consumer perspective, consumers not only are prone to using online channels to buy or interact with brand owners or distributors but also enjoy physical shopping experience. To some extent, these phenomena encourage brand owners and distributors to cooperate with offline retail sales and marketing service providers, like us, to advance their offline sales and marketing activities, which enables automation, data transparency, user interaction, and resources monitoring. Furthermore, the further development of SaaS technology also lowers the threshold for brand owners and distributors to embrace digitalisation by reducing upfront hardware costs and meaningful access to data assets. In this case, efficiency and resources saving are expected to bring cost down and strengthen existing value proposition for brand owners and distributors. In return, retail sales and marketing service providers are able to achieve business success in such a digitalisation era.

According to the Frost & Sullivan Report, along with the digitalisation transformation progress in recent years, China's retail sales and marketing services market is becoming more well-established and integrated, which would create long-term and positive impacts on the development of the retail market. Further, China's retail sales and marketing services market has been propelled by the PRC government policies, for example National Economic and Social Development during the "14th Five-Year Plan" Period, which create a favourable development environment for starting new businesses and new growth potential for the market. For the year ended 31 December 2021, our Group recognised revenue of RMB416.3 million, which accounted for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021.

Our Performance

Our revenue slightly increased by 0.7% from RMB413.6 million for FY2020 to RMB416.3 million for FY2021, primarily attributable to the increase in revenue from tasks and marketers matching service and SaaS+ subscription. Our revenue increased by 48.5% from RMB416.3 million for FY2021 to RMB618.1 million for FY2022.

Customised marketing solution, being our long-established business, contributed the largest share of our revenue for each year of the Track Record Period, accounting for 74.0%, 65.5% and 74.4% of our total revenue for FY2020, FY2021 and FY2022, respectively. The following table sets forth our revenue by service types for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	305,888	74.0	272,724	65.5	459,623	74.4
Tasks and marketers matching service	32,127	7.7	59,238	14.2	82,062	13.3
Marketers assignment service	73,583	17.8	69,412	16.7	48,713	7.8
SaaS+ subscription	1,973	0.5	14,915	3.6	27,712	4.5
Total	413,571	100.0	416,289	100.0	618,110	100.0

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Our gross profit amounted to RMB164.0 million, RMB170.2 million and RMB173.6 million for the three years ended 31 December 2022, respectively, and our gross profit margin amounted to 39.6%, 40.9% and 28.1% for the same years. Customised marketing solution contributed the largest share of our gross profit and accounted for 53.3%, 48.2% and 52.4% of our total gross profit for FY2020, FY2021 and FY2022, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by types of services for the years indicated:

	FY2020		FY2021		FY2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Customised marketing solution	87,474	28.6	82,040	30.1	90,958	19.8
Tasks and marketers matching service	10,357	32.2	16,764	28.3	20,386	24.8
Marketers assignment service	65,580	89.1	61,633	88.8	43,733	89.8
SaaS+ subscription	555	28.1	9,812	65.8	18,490	66.7
Total	163,966	39.6	170,249	40.9	173,567	28.1

We achieved net profit of RMB53.9 million, RMB59.0 million and RMB52.7 million, representing net profit margin of 13.0%, 14.2% and 8.5% for FY2020, FY2021 and FY2022, respectively. By excluding the impact of Listing expenses, we had an adjusted net profit (Non-HKFRS measure) of RMB53.9 million, RMB67.4 million and RMB70.6 million for FY2020, FY2021 and FY2022, respectively.

Our Technologies

Our FMES platform contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. We utilise our digitalised tools to manage data collected during our daily operations and transform them into valuable data assets, which in turn facilitate our business process. As such, our digitalised tools enable us to manage our business processes, which include formulating implementation plans, managing implementation process and collecting, verifying, processing and analysing data to produce data analytics.

We collect and process in our daily operations fragmented and unorganised first-hand information relating to (i) sales and marketing performance by our and third-party marketers (including attendance and task completion records); (ii) consumer behaviours and feedback; and (iii) sales and purchase transactions. Our marketer pool comprises marketers with different backgrounds, experience and skill sets. For FY2022, the number of average monthly active marketers was 23,008, spreading across more than 320 cities in 31 provinces/municipalities in China. In order to effectively manage on-site performance of marketers, we divide on-site implementation of sales and marketing activities into different tasks and evaluate performance of our marketers on the tasks. Typical examples of tasks include sales and promotion of merchandise, assisting in marketing campaigns, in-store merchandise display, stock inventory management and other daily operations. For FY2022, the total number of tasks completed was over 683,000. In view of such volume of data, we need a reliable and scalable platform to support our provision of effective sales and marketing services. In particular, *MiJob Square*, being one of our flagship digitalised tools, facilitates easy task application for marketers, while also facilitates remote management of marketers and monitoring of task performance and status for us.

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Meanwhile, our tasks and marketers matching service utilises big data and AI technologies to generate and continuously improve matching recommendations of marketers with tasks. Since different tasks at offline retail stores in different areas (which may have different target consumer groups, consumers' behaviour and preference and merchandise variety) would require marketers with different background, experience and skill sets, etc., we believe we can enhance our ability in achieving better results (such as sales amount) using AI-generated matching recommendations.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success:

Established sales and marketing service provider in China

We are an established sales and marketing service provider based in the PRC, primarily focusing on providing on-site sales and marketing solutions to market-leading FMCG (fast-moving consumer goods) brand owners and distributors with the use of our digitalised tools. Leveraging our industry expertise, understanding of sales and marketing and retail operations and technological capabilities, we are capable of offering our customers of different sizes and scales from various industries who have different requirements and budgets with a wide range of services, such as (i) formulating plans and implementing events to drive the sales of particular merchandise, (ii) easy access to a pool of marketers for on-site implementation, (iii) data analytics of market potential of selected geographical locations or specific offline retail stores where our customers may not have physical presence, thereby reducing operating costs associated with human resources-related administration matters.

Since 2004, we have been providing traditional sales and marketing services for FMCG brand owners and distributors in China. Given the complicated nature and diversity of offline retail operations, it is challenging for our customers to implement sales and marketing initiatives effectively, or to monitor and evaluate the relevant results efficiently. Recognising the benefits of how technologies could improve sales and marketing in offline retail operations and huge market potential in the industry, we started to use digitalised tools in our business process in 2012. Since then, we have continued to expand the functionalities of our digitalised tools to provide technological support to our services. We launched our tasks and marketers matching service and SaaS+ subscription in 2019 and 2020, respectively, with a view to generating long-term and recurring revenue from a wider range of customers. Owing to our continuous effort in promoting our tasks and marketers matching service and SaaS+ subscription, we provided tasks and marketers matching service and SaaS+ subscription to 38 and 95 customers for FY2022, respectively.

Our services are well recognised in the market. In particular, according to the Agency Scope China 2019/20 study, we were the agency most valued by our clients for the following attributes: (i) innovative agency (business transformation through different offering); (ii) good at sales promotions/activation; and (iii) good execution. For our other recognitions and awards, see “— Awards and recognition” in this section.

Strong network effect and synergy effect enabled by our business model

Our business model engages different stakeholders in the offline retail operation. We offer services to customers of different sizes and scales which are scattered over different geographical locations in the PRC. Generally, our services require on-site implementation by marketers. Marketers mainly refer to the persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons and frontline staff. As at the Latest Practicable Date, our services cover more than 320 cities in 31 provinces/municipalities in China. Our strong and expanding marketer pool creates a strong network effect that helps us expand our customer base, while the expansion of our

customer base brings higher task volume. Such higher task volume allows us to motivate marketers to stay active with us and attract more marketers with diverse backgrounds and skill sets, which in turn strengthens our capability to match a more suitable marketer for a particular task. Improved task matching capability enables us to enhance our service quality.

Our services also create synergies among different stakeholders engaged in our business operations, in particular our customers and marketers. On one hand, we help our customers to implement their sales and marketing initiatives efficiently and enhance their offline retail sales performance. On the other hand, we help marketers to search for jobs with monetary rewards, thereby attracting more marketers to join our marketer pool. Meanwhile, as marketers are required to report their attendance and performance of the tasks via our digitalised tool, we have created a large and real-time database which assists our customers to evaluate the sales and marketing activities.

Data-centric operation empowered by our FMES platform

We collect and process in our daily operations fragmented and unorganised first-hand sales-related and consumer-related information input by our marketers, including attendance records, task completion, sales performance and consumers' feedback. Benefiting from data input by marketers while they carry out tasks, for the Track Record Period, we have accumulated data assets for over 4 million points of sale from more than 360 cities in 31 provinces/municipalities in China. In the retail market, if a sales and marketing activity involves a large amount of highly dispersed offline retail stores and/or marketers, it would be very difficult for our customers to track and manage each sale made and contract signed by each offline retail store and marketer and to evaluate the performance of each offline retail store and marketers. In view of such a massive volume of data, we use technologies to support our provision of services and collection of information for data-driven decision-making.

Unlike the traditional way of implementing sales and marketing services, which heavily rely on the information provided by the customers to formulate sales and marketing strategies and to manually manage the implementation process, we provide services with the support of our digitalised tools and the data we accumulated over the years in provision of services, which we believe set us apart from our competitors, as (i) such accumulated data asset allows us to deepen our insights into the FMCG industry and gain market intelligence, as well as broadening our industry network by establishing connections with major stakeholders in the offline retail operation; (ii) our customers would also benefit from our customised marketing solutions formulated based on the data we processed and achieve better sales performance as a result; and (iii) our digitalised tools would allow us to manage and oversee the overall project implementation process. The ability to devise, manage and coordinate various aspects of a marketing project and the delivery of customised marketing solutions has allowed our Group to assist our customers to address their challenges and to ensure the delivery of envisaged marketing solutions.

Our FMES platform contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. Such platform primarily enables us to effectively manage our business processes, which include formulating implementation plans, managing implementation process and collecting, verifying, processing and analysing data to produce meaningful data analytics. For instance, one of our customers, a FMCG brand owner that primarily engages in food products and beverages, found it difficult to get through and analyse data from different software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by its various branch companies. Benefiting from our services supported by digitalised tools, such brand owner customer was connected to different sales and marketing agencies, marketing supervisors and marketers and was able to obtain data with consistent data tags for the ease of

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carrying out analyses and evaluation on its sales performance. Other than supporting our services, as the operator of digitalised tools, we gain market insights from data and thus, have continuously refined our services to fit the evolving demands from customers.

We attach great importance to R&D and technological advancement. As at 31 December 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and had R&D teams in Shanghai, Beijing, Guangzhou and Dalian. During the Track Record Period and up to the Latest Practicable Date, we have consistently upgraded our digitalised tools and launched over 1,000 updates or new features that cater to the evolving needs of our customers. As at the Latest Practicable Date, we had 84 software copyrights registered in the PRC which we consider to be material or may be material to our business.

Large and diverse marketer pool

Supported by our marketer pool, we are capable of meeting customers' demands and serving customers who have different merchandise, target consumers, requirements and budgets. Our marketer pool comprises employee marketers (who have employment relationships with us) and third-party marketers (who do not have any employment or contractual relationship with us and are supplied to us by labour service suppliers). The number of marketers who have registered for the use of *MiJob Square*, being our digitalised tool increased from over 331,400 as of 31 December 2020 to over 453,000 as of 31 December 2022, with the number of average monthly active marketers increased from over 16,200 for FY2020 to over 23,000 for FY2022.

We use a task-based management system in our daily operations to manage the implementation process of our projects, as well as the performance of marketers. Typical examples of tasks include sales and promotion, assisting in marketing campaigns, in-store merchandise display, stock inventory management and other daily operations. Building on our marketer pool, we have achieved a completion rate for tasks (which is calculated by dividing total number of tasks completed by total number of tasks published) of over 72% for FY2022, thereby satisfying our customers' demand for different sales and marketing services, whether one-off, short-term or continuous. We not only made our customers' engagement of sales and marketing service providers easier and more convenient, but also help marketers to obtain monetary rewards.

We value the experience of our marketers. In particular, our digitalised tool which is created for the use by marketers, namely *MiJob Square*, has a simple interface and is easy to access from mobile, encouraging users to stay tuned for newly released tasks thereby. Using such a digitalised tool, marketers can easily and conveniently search for tasks, receive training videos and follow-up quizzes, so that they could be better prepared and equipped to satisfactorily fulfil their task duties and meet our customers' expectations.

Taking advantage of our readily available and extensive marketer network, we believe that we are able to stand out amongst our competitors in assisting our customers to achieve enhanced sales with lower costs, hence capturing a greater portion of the huge market opportunities.

High-quality customer base with expansion potential

We have a high-quality customer base. For the Track Record Period, a majority of our revenue was derived from customers which are brand owners and distributors. For FY2022, we had 43 brand owner customers. For the Track Record Period, a majority of our brand owner customers were engaged in the FMCG industry, including daily commodities, food products and beverage and consumer electronics. For the same period, a majority of our brand owner customers and most of our top five customers in each year

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of the Track Record Period are market-leading FMCG brand owners (including Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence).

Meanwhile, we have maintained long-term and stable business relationships with our customers. As at 31 December 2022, we had an average of seven years of business relationship with our top five customers.

Since the launch of tasks and marketers matching service and SaaS+ subscription in 2019 and 2020, respectively, both services have been widely used and accepted by both existing and new customers. With respect to our tasks and marketers matching service, we experienced a growing number of customers with the number of customers being 15, 19 and 38 for FY2020, FY2021 and FY2022, respectively. With respect to SaaS+ subscription, the number of customers increased from 3 for FY2020 to 8 for FY2021, and then increased to 95 for FY2022.

Our solid customer base has allowed us to expand our business by cross selling our service offerings and soliciting our customers' business partners to be our new potential customers, while our diversified service offerings have enabled us to continuously expose ourselves to brand owners, distributors and offline retail stores, forming a pool of customers and potential customers of different background and thus providing us with business opportunities on a recurring basis.

We have also established a strategic cooperation relationship with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC, under which Baidu Smart Cloud uses its AI, big data and cloud computing and other technologies to assist us in the construction of digitalised sales and marketing platforms and a digital database containing information on evaluation, historical sales performance and potential market size of offline retail stores. Currently, such database forms part of our platform and enables us to help our customers grasp the demographics and spending power of target consumer groups that our network covers in China.

Seasoned and insightful management team

Our management team has a proven track record in the offline sales and marketing industry and the operation of market-leading brands. Our visionary management, Mr. Sun Guangjun (孫廣軍) has over 26 years of experience in the marketing industry. Leveraging his extensive industry experience in management and strategic planning acquired from his previous positions with some Fortune Global 500 companies, Mr. Sun has led us through our business development. In particular, our management has enabled our digitalisation transformation from a traditional sales and marketing service provider to an established sales and marketing service provider supported by our FMES platform.

Under the leadership of our seasoned management team, we have seized the market opportunity to establish relationships with high-quality market-leading FMCG brand owners, expand our service offerings and continue to upgrade our business model to achieve long-term sustainability.

OUR GROWTH STRATEGIES

Enhance our R&D capabilities and develop advanced sales and marketing digitalised tools as well as attracting and retaining R&D talents

As our sales and marketing services have been well-received by the market, we aim to enhance our existing and develop new digitalised tools to drive revenue growth. To strengthen our competitiveness, we plan to use a significant portion of the proceeds from the Global Offering for enhancing our core technology R&D capabilities, which includes (i) upgrading of our FMES platform and digitalised tools; (ii) establishing a cloud-based sales and marketing platform as a service (PaaS) system; (iii) enhancing our Shanghai headquarters and Dalian R&D centre; and (iv) enhancing our technology infrastructure.

In particular, our plan relating to upgrading our FMES platform and digitalised tools will focus on:

- with respect to our FMES platform, we will strengthen the capabilities and improve certain of our digitalised products, including *BrandKEY*, *Channel Station* and *Touchkit*, and develop platform-level operation system that contain necessary functions, such as marketers operational system and points of sale operation system, to provide a wider range of services to our customers;
- with respect to our digitalised tools, we will upgrade and develop new features to meet the evolving market demands, thereby enabling better utilisation of our digitalised tools to support our service offerings and minimising our manual input in the provision of our services;
- with respect to our SaaS+ subscription, we will focus on digitalising our customers' offline sales and marketing activities and offer services and/or digitalised tools to serve a wider variety of offline retail operations, thereby allowing us to cater to diversified customer needs; and
- with respect to data empowerment, we will focus on operations in the aspects of R&D and optimisation of algorithms, thereby enabling our customers to overcome data barriers and improving their operational efficiency and effectiveness. For example, we will establish business systems to support our FMES platforms and digitalised tools and indexes of data tags, algorithms, performance indicators of sales and promotional activities, etc.

We believe such an upgraded FMES platform and digitalised tools can help us provide sales and marketing services to a wider range of customers.

Meanwhile, our plan in relation to our headquarters and R&D centre is expected to benefit us in the following ways:

- the enhancement of our Shanghai headquarters and Dalian R&D centre will provide additional and sufficient office space to support our recruitment plan for hiring 35 R&D talents over the next three years. We believe that our enlarged R&D team would facilitate our ability to accelerate technology and digitalised tools innovations and expand the applicability of our digitalised tools to different offline retail operations. Furthermore, these new staff could help us address the evolving business needs of our customers and other industry participants along the value chain.

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We recognise that all of our staff are critical to our success and long-term business development. Possessing qualified and experienced management capability and service professionals are key success factors for marketing companies as outstanding talents are able to quickly provide sales and marketing solutions due to their experience and business acumen. Meanwhile, these talents are expected to be able to handle business development and collaborate with technology teams to integrate technology empowered sales and marketing tools or service innovations. Industry expertise and experience can only be acquired and accumulated over the long term, and new entrants may not be able to afford or develop such capabilities in short term. We plan to use a portion of the proceeds from the Global Offering to continue to attract and retain talented staff, including (i) R&D staff, such as industry experts, digitalised product managers and assistants, testing engineers and algorithm and data analysts, who will be responsible for enhancing our core technology capabilities and fundamental R&D; and (ii) business team members, who will help accelerate the business development of our customised marketing solution and tasks and marketers matching service.

We intend to remunerate our managerial and other key staff with compensation packages that we believe to be competitive in our industry. Also, we may provide our talented and promising staff with training and rotation opportunities to help them develop professionally and enhance their work experience so they can become competent managers. We also intend to provide professional trainings to our sales team to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty. Aside from trainings, we will also organise various team building activities to build the morale of our staff and to instil a sense of belongings in our staff as they grow with our Group. In addition, as we plan to expand our service offerings and geographical coverage of our business, we expect to hire additional talents to cater for and in line with our expansion needs. With continued effort on the development of our valuable human resources, we believe that we will be successful in retaining and motivating our managerial, sales and operations, R&D and other staff and continue to attract more talented individuals.

Raise awareness of our brand and increase market share

With experience and expertise, many sales and marketing services providers have become more familiar with the effectiveness of different types of sales and marketing campaigns towards target customers. On the other hand, advertisers understand that the effectiveness and efficiency of the collaboration between advertisers and services providers significantly determines the performance of market campaigns. Therefore, a sustainable and mutual cooperation between both sides can ensure the long-term development for both participants.

We plan to use a portion of the proceeds from the Global Offering to increase our market share in the PRC by promoting our own brand to further our business growth, as well as strengthening our sales and marketing channels. We intend to promote our services to market-leading companies, as well as SMEs, in the FMCG industry and extend our services to other industries, such as finance and tourism industries. We plan to drive the penetration of our service offerings and digitalised tools through word-of-mouth referrals and a range of other channels, such as customer meetings, conducting regular market researches and industry conferences and events, as well as by engaging online sales and marketing channels including strategically placing advertisements on professional and social network platforms. We also plan to establish an exhibition hall in Shanghai to display our landmark cases. Also, the exhibition hall will demonstrate how our digitalised tools are used in different retail operations, thereby enhancing our customers' understanding in our technology capabilities and services.

Establish our international presence

We plan to expand into the retail support services markets outside the PRC, such as Southeast Asia (including Singapore and Indonesia) and Japan, by leveraging our proven track record in serving market-leading FMCG brand owner customers with a view to capturing overseas market opportunities. Based on a feasibility study conducted by us, we consider that the retail markets in these countries are sustainable and the development of the retail support services markets are promising.

According to the Frost & Sullivan, the retail markets in Japan, Singapore and Indonesia would sustain positive growth and nurture opportunities for the sales and marketing services providers in their respective retail industry. The competitive landscape of sales and marketing industry in these mentioned countries are relatively fragmented. Accordingly, it is expected that the entry barrier into these countries would not be too high.

In conclusion, considering the current competitive landscape of the retail industry, the strong demands for service providers of sales and marketing technology in Japan, Singapore and Indonesia, and the high quality of our customers in terms of their sales and geographical presences, our Directors are of the view that development opportunities are plentiful in the abovenamed countries for new entrants like us. The overseas expansion is a long-term plan of our Group and as of the Latest Practicable Date, we have not yet commenced implementation of our overseas expansion plan.

Pursue strategic investment, acquisition and cooperation

We intend to pursue strategic cooperation with selected institutions and enterprises, including but not limited to strategic alliances, investments, joint ventures and/or acquisitions, that may be complementary to our growth strategies, particularly those that can help us enrich our service offerings, enhance our technologies, and expand our customer and user base. We also intend to enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan. Currently, we plan to strategically acquire large companies in the PRC which could enable us to rapidly expand our business across the country. In particular, we intend to look for traditional sales and marketing companies in the PRC. Since our current business operations cover more than 320 cities in 31 provinces/municipalities in China, there are no limitations on the location(s) where potential targets might be located. When selecting and assessing potential targets, we will consider a number of selection criteria, which include:

- (i) we intend to look for a target that is traditional sales and marketing company in the PRC, which has a focus on FMCG industry. Therefore, such target would have a similar business focus and experience in serving FMCG customers. We expect that such target can help enhance our capability in serving a wider range of FMCG customers and expand the applicable offline retail operation of our services. Also, we can minimise time required for organic growth and business expansion;
- (ii) we may look for a target that has an established customer base consisting of international and local market-leading brand owners and/or distributors. We expect such target would help expand our customer base and thus, enhance our market presence and strengthen our market share;
- (iii) we may look for a target that has an established marketer base, which could be employee marketers and/or third-party marketers, so that the target could help us expand our marketer base. With an enlarged marketer base, we expect to broaden geographical coverage of our marketer network, manage task acceptance and completion capacity more effectively, and thus, enhance our task completion rate;

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- (iv) we may look for a target that possesses competitive advantages in areas we consider valuable to our existing business operation. We expect such target can help expand our service coverage in different offline retail operation and complement with our existing services. Also, such target is expected to enhance our business growth, brand awareness and financial performance; and
- (v) we intend to look for a target that has proven track record in providing traditional sales and marketing services and at least an annual revenue of RMB150 million.

Based on the expert interviews conducted by Frost & Sullivan, for our selection criteria and the availability of such targets, as of 2021, there were approximately over 300 sales and marketing companies in China that had revenue of at least RMB150 million.

We believe our extensive industry experience and insights will enable us to identify suitable potential opportunities and effectively evaluate and execute such opportunities. For potential investment, in the long run, we will utilise our internally generated resources to enhance the performance of the acquired companies, such as sharing our extensive industry experience, implementing our advanced operation models, reorganising their corporate governance structure to help them integrate into our operations, as well as establishing a competitive and flexible remuneration system, with the goal to form sustainable and mutually beneficial relationships with such acquired companies.

In the past, we expanded organically through setting up branch offices in different locations across the mainland China due to the lower cost required. However, such expansion strategy was subject to limitations in acquiring competitive capabilities and prevented us from acquiring important benefits that could only be achieved through strategic investment in, acquisition of and cooperation with external targets, including convenient access to an established customer portfolio to broaden our customer base. With an elevated corporate image, which may allow us to attract sizable and quality targets with capabilities we seek, and stronger financial resources upon the successful Listing, we believe that it would be appropriate for us to step up and expand through strategic investment, acquisition and cooperation.

As of the Latest Practicable Date, we do not have any specific investment or acquisition plans or targets and have not entered into any definitive agreements with any potential targets.

OUR BUSINESS MODEL

Our business model covers different offline retail operations. In an offline retail operation, brand owners/distributors, points of sale and marketers are major stakeholders which drive the sales of merchandise. They interact with and affect one another, thereby creating different possibilities. In response, our services connect these stakeholders and bring network effects to and synergies among them. The following diagram describes the relationship among the stakeholders and how our services facilitate them in the offline retail operation:



Notes:

- (1) Brand owners and distributors supply merchandise to points of sale for retail purpose. We provide services to brand owners and distributors to assist them to carry out sales and marketing initiatives, offline retail network management and obtain sales and marketing data analytics.
- (2) Points of sale refer to places where retail transaction takes place, such as supermarkets, grocery stores, convenience shops, department stores, outdoor promotional campaigns and other retailers. Sales and marketing activities in points of sale require marketers for on-site implementation, including providing product-related information and services to consumers, in-store merchandise display, stock inventory management and other daily retail operations.
- (3) Marketers mainly refer to the persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons and frontline staff. They not only affect the consumers' experience and choice on merchandise, but also possess first-hand sales-related and consumer-related information, such as sales performance, consumer behaviour and consumers' feedbacks on merchandise. In the context of our business operations, we categorise our marketers into employee marketers and third-party marketers.
- (4) Marketers can search for tasks using our digitalised tool. Typical examples of tasks include sales and promotion, assisting in marketing campaigns to interact with and/or attract new potential consumers, in-store merchandise display, stock inventory management and other daily operations. Having accepted the tasks, marketers will execute the required task duties and thus, facilitate us to provide sales and marketing services to our customers. After marketers finish the tasks, they earn monetary rewards in return for their services provided.

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- (5) Using our digitalised tools, we collect from marketers’ first-hand sales-related and consumer-related information. Meanwhile, using certain built-in functions of our digitalised tools, we verify the accuracy of the information.
- (6) Afterwards, via our digitalised tools, the offline information is converted into data assets, processed using consistent data tags and analysed to provide meaningful data analytics. We provide customers with data analytics, thereby allowing them to increase operational efficiency, obtain first-hand consumers’ insights in a timely manner and gain the upper hand in the competitive market.

OUR SERVICE OFFERINGS

We offer a range of sales and marketing services that target different sales and marketing activities, which are mainly carried out at offline retail stores, such as supermarkets, department stores, outdoor promotional campaigns, etc.. The following table sets compares and differentiates our four types of services:

	Customised marketing solution	Tasks and marketers matching service	Marketers assignment service	SaaS+ subscription
Service offerings	Solution services for customised sales and marketing activities with set up of venues and event materials	Standardised sales and marketing activities that do not involve set up of venues and event materials	Manpower assignment and management	Customisation (on an as-needed basis) and subscription of readily-available digitalised tools
Core value to customers	Helping formulate and implement customised sales and marketing plans at pre-determined offline retail stores	Helping formulate and implement standardised sales and marketing activities at pre-determined offline retail stores Helping find suitable marketers to promote customers’ merchandise and drive sales	Enabling customers to reduce operating costs associated with human resources-related administration matters	Supporting customers to streamline their sales and marketing process and manage their offline retail network
Deliverable	Organising and implementing offline activities Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies	Analysing historical task performance of marketers and providing matching recommendations on tasks and suitable marketers Publishing tasks to find suitable third-party marketers based on matching recommendations Providing online and/or offline training to third-party marketers and managing their performance Typical examples of standardised sales and marketing activities include sales and promotion of customers’ merchandise and in-store merchandise display	Assisting our customers in recruitment, training and appraisal of employee marketers for offline retail stores designated by customers and management of human resources-related administration matters Maintaining employment relationship with employee marketers, thereby allowing continuity and consistency of the relevant positions	Access to our digitalised tools, together with customisation on an as-needed basis

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	Customised marketing solution	Tasks and marketers matching service	Marketers assignment service	SaaS+ subscription
Major digitalised tool(s) involved	<i>Remotes, SMV and MiJob Square</i>	<i>Touchkit and MiJob Square</i>	<i>eHR and MiJob Square</i>	<i>BrandKEY, Channel Station, Site DNA and MiJob Square</i>
Major components of our fees	Fixed service fees	(i) Performance-based fees; and/or (ii) Fixed fees including service and/or system fees	(i) Fixed service fees; and (ii) Employee marketers' salaries, benefits and disbursements as reimbursements to us	Fixed service and/or subscription fee
Our risks in relation to fee model	In certain cases, if we could not achieve performance indicators (such as marketers attendance rates, recruitment rates, etc.) as set out in the service agreements, our customers can deduct the agreed fees	If the performance of the marketers could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees	Minimal	Minimal
Major marketing channels	Quotation/tender	Quotation/tender	Quotation/tender	Quotation
Major types of customers	Brand owners	Brand owners	Brand owners	Brand owners
Major types of suppliers	Labour service providers (which provide third-party marketers), event consumables suppliers and logistics service providers	Labour service providers (which provide third-party marketers)	Human resources agencies (which provide payment services of social insurance and housing provident funds)	IT service providers
Major types of marketers	Employee marketers and third-party marketers	Third-party marketers	Employee marketers	N/A
Contract duration	3 days to 2 years	Less than 1 month to 3 years	2 months to 3 years	1 week to 2 years

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Key operating data

The following table sets out key operating data regarding our customers for the years indicated:

	FY2020	FY2021	FY2022
The Group			
<i>Number of:</i>			
— Brand owner customers	47	41	43
— Distributor customers	14	25	127
<i>Revenue (RMB'000) from:</i>			
— Brand owner customers	343,213	341,563	555,569
— Distributor customers	70,358	74,727	62,542
<i>Average revenue (RMB'000) per:</i>			
— Brand owner customer (Note 1)	7,302	8,331	12,920
— Distributor customer (Note 2)	5,026	2,989	492 ^(Note 4)
Customised marketing solution			
<i>Number of:</i>			
— Brand owner customers	35	30	26
— Distributor customers	10	17	28
<i>Revenue (RMB'000) from:</i>			
— Brand owner customers	236,373	202,887	408,190
— Distributor customers	69,515	69,837	51,435
<i>Average revenue (RMB'000) per:</i>			
— Brand owner customer (Note 1)	6,754	6,763	15,700
— Distributor customer (Note 2)	6,952	4,108	1,837
Tasks and marketers matching service			
<i>Number of:</i>			
— Brand owner customers	12	14	20
— Distributor customers	3	6	19
<i>Revenue (RMB'000) from:</i>			
— Brand owner customers	31,947	57,072	74,451
— Distributor customers	180	2,166	7,611
<i>Average revenue (RMB'000) per:</i>			
— Brand owner customer (Note 1)	2,662	4,077	3,723
— Distributor customer (Note 2)	60	361	401
Marketers assignment service			
<i>Number of:</i>			
— Brand owner customers	22	14	15
— Distributor customers	1	2	5
<i>Revenue (RMB'000) from:</i>			
— Brand owner customers	72,920	68,291	47,176
— Distributor customers	663	1,122	1,537
<i>Average revenue (RMB'000) per:</i>			
— Brand owner customers (Note 1)	3,315	4,878	3,145
— Distributor customers (Note 2)	663	561	307

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	FY2020	FY2021	FY2022
SaaS+ subscription			
<i>Number of:</i>			
— Brand owner customers	3	4	6
— Distributor customers	—	5	89
<i>Revenue (RMB'000) from:</i>			
— Brand owner customers	1,973	13,313	25,752
— Distributor customers	—	1,602	1,960
<i>Average revenue (RMB'000) per:</i>			
— Brand owner customer (Note 1)	658	3,328	4,292
— Distributor customer (Note 2)	—	320	22
 Marketers			
Average monthly active marketers (Note 3)	16,220	23,374	23,008

Notes:

1. Average revenue per brand owner customer is calculated by dividing revenue from brand owner customers by number of brand owner customers for the respective period.
2. Average revenue per distributor customer is calculated by dividing revenue from distributor customers by number of distributor customers for the respective period.
3. Average monthly active marketers is calculated by dividing (i) the sum of monthly active marketers for the respective period by (ii) twelve months. In the context of our business operations, we categorise our marketers into employee marketers (who have employment relationships with us) and third-party marketers (who do not have any employment or contractual relationship with us).
4. The decrease in average revenue per distributor customer for FY2022 was mainly because we procured a large number of small-scale distributor customers for the same year, which had relatively less budgets for sales and marketing.

Customised marketing solution

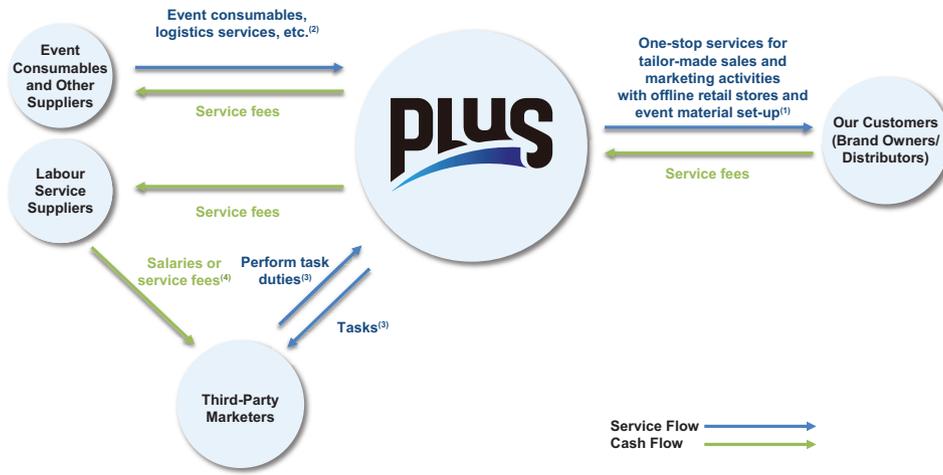
Overview

Customised marketing solution, being our long-established business, contributed the largest share of our revenue and accounted for 74.0%, 65.5% and 74.4% of our total revenue during each year of the Track Record Period. We formulate and implement customised sales and marketing plans of our customers' merchandise at offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

The various activities from customised marketing solution together form a single performance obligation as we provide an integrated service. Revenue for provision of customised marketing solution is recognised on a gross basis over time while the contract costs to fulfil a contract, such as labour costs, event consumables and operating cost are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant's Report in Appendix I to this prospectus for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

Business model and process

The following diagram illustrates the business model of our customised marketing solution:



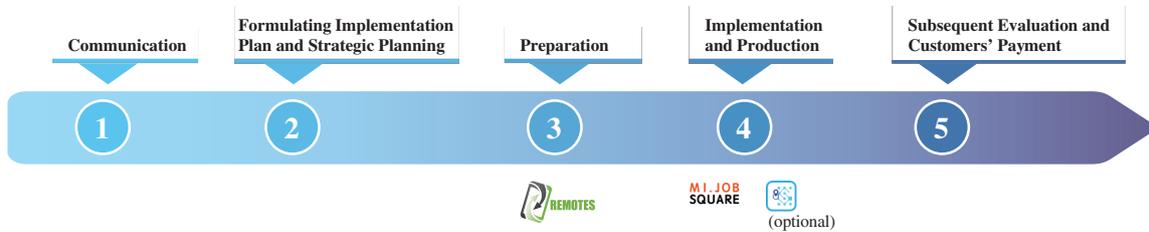
Notes:

1. We formulate and implement customised sales and marketing plans of our customers’ merchandise at offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management.
2. Major suppliers of customised marketing solution include labour service suppliers, event consumables suppliers and logistics service suppliers. Further details on labour service suppliers, see “Our service network and marketers” in this section.
3. Our customised marketing solution requires on-site implementation by marketers. Depending on the nature of the customised marketing solution and our customers’ requirements, we may engage employee marketers or third-party marketers. Employee marketers have employment relationship with us, while third-party marketers do not have any employment or contractual relationship with us and are supplied by our labour service suppliers. In order to efficiently manage marketers in daily operations, we use a task-based management system. Tasks are published using *Remotes* and marketers can access a list of available tasks and apply for any suitable tasks using *MiJob Square*. Typical examples of tasks include sales and promotion, assisting in marketing campaigns to interact with and/or attract new potential consumers and other daily operations.
4. We do not directly pay third-party marketers. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Further details on labour service suppliers, see “Our service network and marketers” in this section.

We identify potential projects generally through quotation invitations or competitive tender from existing and potential customers. For further details on the tendering process, see “Our sales and marketing” in this section.

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We act as the adviser, organiser and overall project manager and are responsible for all aspects of the customised marketing solution project. The flowchart below summarises the major business process of our customised marketing solution:



1. *Communication with customers and offering advice and solutions*

Our customer puts forward specific sales and marketing aims and requirements and we communicate with customers on details of the services, such as: dates and duration of the events, venues selection and design and contents of any event consumables required. We continuously discuss with our customers and offer advice and solutions and confirm with our customers on the scope of services;

2. *Formulating implementation plan and strategic planning*

Based on our customers' goals and requirements and our understanding of the background and market position of our customer, the nature of the merchandise, the budget from customers, our internal resources, and a wide range of other factors, we then formulate an implementation plan, including the activity planning, floor plan, safety and security measures, a list of event materials and a list of marketers required. The implementation plan would continue to be revised according to our customers' requests and our advices until it is approved by our customers;

3. *Preparation*

Based on the approved implementation plan, we source and coordinate with suppliers in relation to event consumables and venues, and ensure appropriate logistics and facilities. Tasks are published via *Remotes* and marketers can apply for tasks using *MiJob Square*. Marketers for customised marketing solution include employee marketers who have employment relationship with us and third-party marketers who do not have any employment or contractual relationship with us. Tasks information includes duration and frequency, location, detailed description of duties, amount and calculation method of remuneration and other important notes. After marketers apply for the tasks and we approve their application, we may provide online and/or offline trainings so that they could have a better picture on how to fulfil their tasks and our customers' expectations and follow-up quizzes, for us to ensure they have the adequate competency to complete the tasks;

4. *Implementation and production*

During the implementation of a customised marketing solution project, we normally position ourselves as the overall project manager to supervise and monitor on-site implementation of the plan. We are responsible for implementing the plan, including time and venue arrangement, logistics arrangement and installation and setting up of event materials, coordinating with the suppliers and service providers and monitoring the attendance and performance of marketers. We are also responsible for ensuring the safety and wellbeing of the guests of the events. Marketers implement the required task duties and thus, facilitate us to implement customised marketing solution projects.

We primarily utilised three digitalised tools at this stage. In addition to task publication, *Remotes* is used for managing on-site implementation. It contains a set of integrated tools for real-time project management, task management and internal communications. *MiJob Square* is used by marketers to report their attendance and task completion. For example, they are required to upload a self-portrait when they arrive at work, take photos of entire venue and other particular areas and input performance-related data, such as units of merchandise sold, units of promotional gifts distributed, amount of stock inventory and number of display shelves organised, with photos taken using built-in camera function of *MiJob Square* as supporting evidence. The built-in camera function ensures photos submitted as supporting evidence would not be edited by the marketers. We may evaluate the effectiveness of the customised marketing solution using *SMV* to arrange on-site visits at offline retail stores and report any red flags regarding sales management and operational performance, such as low product visibility, slow-moving inventory, and other sales-related data.

5. *Continuous reporting, evaluation and customer's payment*

Data input by marketers are retained as data assets for future reference and to facilitate data-driven strategic planning, implementation and evaluation. In order to ensure smooth implementation of the activities, our business team generally create instant message groups to timely monitor and follow up on the progress. For long-term projects, customers may require us to produce analysis reports on execution status based on data input by marketers. We issue our invoice based on the service agreement for our customer's settlement.

Marketers

During the Track Record Period, we engaged both third-party marketers and employee marketers under the customised marketing solution.

During the Track Record Period, we engaged third-party marketers for the implementation of our customised marketing solution. Third-party marketers do not have any employment or contractual relationship with us. We enter into service agreements with labour service suppliers, who engage marketers as their employees or contractors. We do not directly pay third-party marketers. Instead, we enter into service contracts with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Since third-party marketers do not have any employment relationship with us, they can choose whether or not to apply for tasks published on our platform. However, third-party marketers are required to abide by service standards as stated in the tasks once they have accepted the same. Our third-party marketers allow us to flexibly cope with our customers' ad-hoc service demands.

Since 2022, we engaged employee marketers, in addition to third-party marketers, in certain of our customised marketing solution projects. It was because three of our top five customers for the Track Record Period switched from marketers assignment service to customised marketing solution for a broader range of customised sales and marketing services as a result of their changes in sales and marketing strategies and demands. Such broader range of services include (i) formulating, among others, branding strategies, sales and marketing strategies; and (ii) overseeing and managing the whole implementation process of the plans directly by arranging venues and marketers. For these customers, in order to ensure business continuity and service quality, employee marketers who had been previously working for these customers under marketers assignment service were retained by us and continued to work for the relevant customers under customised marketing solution. Each of the employee marketers is assigned to a designated project according to his/her working experiences and skill sets and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Generally, there is no overlapping service provided by our employee marketers as each of them is recruited for and assigned to a designated project. Their

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remuneration includes 1) fixed monthly salaries, which are subject to actual attendance, and 2) performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise. As of 31 December 2022, we had 4,399 employee marketers under customised marketing solution with a view to maintaining stable workforce for our customers and ensuring quality of services. For further details, see “Our service network and marketers” in this section.

Number of customers

The following table sets out the number of our customers who engaged us for customised marketing solution for the years indicated:

	FY2020	FY2021	FY2022
<i>Number of:</i>			
— New customers	13	17	30
— Repeating customers	29	24	21

The number of customised marketing solution customers remained relatively stable at 42 for FY2020 and 41 for FY2021 with average revenue per customer decreased slightly from RMB7.3 million for FY2020 to RMB6.7 million for FY2021, mainly because we procured certain new distributor customers during 2021. Number of customised marketing solution customers then increased to 51 for FY2022 with average revenue per customer increased significantly to RMB9.0 million for FY2022. This was mainly because three of our top five customers for the Track Record Period switched from marketers assignment service (revenue of which is recognised on a net basis) to customised marketing solution (revenue of which is recognised on a gross basis).

During the Track Record Period, we had customers which engaged us for more than one service type and/or changed the service type or combination of service types from time to time. In particular our cross-selling of customised marketing solution and tasks and marketers matching service is mainly because our customers may have different sales and marketing initiatives for different offline retail stores. For example, our customers may engage us for customised marketing solution for implementing customised sales and marketing activities in their more popular stores to promote brand awareness of new products. Our customised marketing solution is characterised by involvement of various event consumable suppliers. On the other hand, customers may engage us for tasks and marketers matching service to drive sales in less popular stores. Our tasks and marketers matching service is characterised by our capability to select suitable marketers using AI technologies and big data to help improve sales performance of designated offline retail stores.

Backlog of our projects during the Track Record Period

Backlog, with respect to our customised marketing solution, refers to our estimate of number of outstanding contracts and confirmed purchase orders to be performed upon receiving our customers’ instructions, the service terms of which had not expired as at the end of the indicated year and the corresponding amounts of revenue to be recognised pursuant to such contracts and confirmed purchase orders. Such estimate is based on the best knowledge, information and belief of our Directors as of the Latest Practicable Date.

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The following table sets out a rolling backlog of customised marketing solution:

	FY2020	FY2021	FY2022
<i>Number of contracts/confirmed purchase orders</i>			
Total number of outstanding contracts/confirmed purchase orders as at the beginning of the year	46	34	57
Add: number of new contracts/confirmed purchase orders commenced during the year	87	79	61
Less: number of contracts/confirmed purchase orders completed during the year	99	56	91
 Total number of outstanding contracts/confirmed purchase orders as at the end of the year	34	57	27
	FY2020	FY2021	FY2022
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
<i>Outstanding contract/confirmed purchase order amounts</i>			
Total outstanding contract/confirmed purchase order amounts as at the beginning of the year	218,704	121,402	488,563
Add: amounts of new contracts/confirmed purchase orders commenced during the year	208,586	639,885	197,307
Less: revenue recognised for the year	305,888	272,724	459,623
 Total outstanding contract/confirmed purchase order amounts as at the end of the year	121,402	488,563	226,247 ^(Note)

The number of outstanding contracts/confirmed purchase orders decreased from 57 as at 31 December 2021 to 27 as at 31 December 2022 mainly due to the impact of the outbreak of COVID-19 in Shanghai in early 2022. The average amount of outstanding contracts/confirmed purchase orders remained stable at RMB8.6 million as at 31 December 2021 and RMB8.4 million as at 31 December 2022. As of the Latest Practicable Date, we had outstanding contract/confirmed purchase order amounts of RMB554.6 million ^(Note), among which RMB272.0 million is expected to be recognised as revenue for the year ending 31 December 2023.

Note:

The outstanding contract/confirmed purchase order amounts as of 31 December 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts/confirmed purchase orders are to be performed in accordance with its terms as of 31 December 2022 and the Latest Practicable Date, respectively, for the remaining contract durations.

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The following table sets out the top 10 contracts of customised marketing solution in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2020 RMB'000	Revenue FY2021 RMB'000	FY2022 RMB'000	Aggregate revenue recognised throughout the Track Record Period 2023 RMB'000	Outstanding contract/ confirmed purchase order amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December (Note 5) RMB'000	Contract status as of the Latest Practicable Date	Contract margin (Note 6) %
1	Customer D (Note 1)	2021/10/1– 2023/2/1 (Note 9)	Raise brand awareness and promote products at designated offline retail stores	Fixed service fees	—	—	164,951	164,951	—	2.0% (Note 7)	Completed
2	Customer B (Note 2)	2021/1/1– 2022/6/30	Sales and marketing services	Fixed and floating service fees	—	59,950	28,765	88,715	—	37.1%	Completed
3	Customer B (Note 2)	2019/4/1– 2020/6/30	Sales and marketing services	Fixed and floating service fees	60,738	—	—	60,738	—	32.3%	Completed
4	Customer B (Note 2)	2021/7/1– 2022/6/30	Sales and marketing services	Fixed and floating service fees	—	24,651	35,499	60,151	—	32.6%	Completed
5	Customer B (Note 2)	2019/10/1– 2020/6/30	Sales and marketing services	Fixed and floating service fees	45,395	—	—	45,395	—	37.1%	Completed
6	Customer B (Note 2)	2020/7/1– 2021/6/30	Sales and marketing services	Fixed and floating service fees	6,816	37,720	—	44,535	—	32.5%	Completed
7	Customer A (Note 3)	2022/6/1– 2023/3/31	Marketing and promotion services in designated stores	Fixed and floating service fees	—	—	41,264	41,264	—	14.1% (Note 7)	Completed
8	Customer B (Note 2)	2022/8/1– 2023/6/30	Sales and marketing services	Fixed and floating service fees	—	—	35,002	35,002	6,341	38.6% (Note 8)	Ongoing
9	Customer A (Note 3)	2020/4/1– 2022/3/31	Marketing and promotion services in designated stores	Fixed and floating service fees	9,697	18,539	6,665	34,901	—	45.0% (Note 8)	Completed
10	Customer G (Note 4)	2022/10/1– 2024/9/30	Marketing and event implementation services	Fixed and floating service fees	—	—	26,392	26,392	74,511	3.0% (Note 7)	Ongoing

Notes:

- 1 Customer D is a group of PRC entities primarily engaging in the sales of infant products (including toys and dairy products). The parent company of Customer D is a subsidiary of an Asia-Pacific-based global investment firm based in PRC.
- 2 Customer B is a group of PRC entities primarily engaging in sales of daily commodities (including personal health care, oral care, textile care and home care). The parent company of Customer B is a global leader in the FMCG industry focused on providing branded consumer packaged goods in approximately 180 countries and territories through online and offline channels. The shares of the parent company of Customer B are listed on the New York Stock Exchange with a net sale of around USD71.0 billion, USD76.1 billion and USD80.2 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD359.2 billion as at 31 December 2022.
- 3 Customer A is a private PRC entity primarily engaging in sales of food products. It had a registered capital of USD91.5 million. The parent company of Customer A is a FMCG multinational corporation and the world's leading manufacturer of chocolate, chewing gum, mints and fruity confections. Such corporation specialises in the production confectionery, pet food and other food products.
- 4 Customer G is a PRC entity primarily engaging in the sales of daily commodities, focusing on products mostly made from natural or synthetic fibres using technologies in fibres, non-wovens and absorbency. The parent company of Customer G is a FMCG multinational corporation, which is a global leader in indispensable daily commodities (including personal health care products, household paper and consumer products) in more than 175 countries. The shares of the parent company of Customer G are listed on the New York Stock Exchange with a net sales of around USD19.1 billion, USD19.4 billion and USD20.2 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD45.8 billion as at 31 December 2022.
- 5 The outstanding contract/confirmed purchase order amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts/confirmed purchase orders are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations of the year ending 31 December 2023.
- 6 Gross profit margin represents overall gross profit margin for the particular contract for the contract duration.
- 7 Since China's FMCG market was significantly affected by the COVID-19 since 2020, we believed this customer had changed its sales and marketing strategies in order to improve its sales performance under the difficult offline retail market situation and economic downturn, and thus, after discussed with us, adopted a more direct and higher extent of involvement in the implementation of their on-site sales and marketing activities under our customised marketing solution, including management and supervision of the marketers on behalf of them, rather than simply assigning employee marketers to them. Accordingly, the employee benefit expenses in relation to these marketers were recorded in full in our cost of services and thus, this project recorded a relatively lower gross profit margin.
- 8 These contracts had a relatively higher gross profit margin, mainly because these contracts involved in-store sales and marketing activities which generally involved less event consumables and operating cost.
- 9 As of the Latest Practicable Date, this contract was terminated by Customer D and us through a new contract entered into between Customer D and us with effect from 1 February 2023.

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Fee model

In general, we charge fixed service fees based on a cost-plus approach with reference to cost and expenses expected to be incurred. Our cost and expenses under customised marketing solution mainly include labour service fees (primarily representing service fees paid to third-party marketers involved in the projects which are calculated by multiplying a fixed base fee by the total number of marketers per event), event consumables (such as costs of promotional materials, charges for venue and facilities, etc.) and employee benefit expenses (primarily representing salaries of employee marketers). In certain cases, we may adopt a maximum cap for our fixed fees and thus, we are subject to the risks in relation to any unexpected and extra cost and expenses incurred. Also, there are a few cases under which we are entitled to performance-based floating fees, mainly calculated with reference to sales performance.

In certain cases, if we could not achieve performance indicators (such as marketers attendance rates or recruitment rates) as set out in the service agreements, our customers can deduct the agreed fixed service fees. During the Track Record Period, we did not experience any material deduction of services fees by our customers for customised marketing solution. For each year of the Track Record Period, fee deduction under our customised marketing solution as the result of our failure to achieve performance indicators amounted to RMB3.0 million, RMB2.9 million and RMB2.5 million, respectively. During each year of the Track Record Period, average revenue from customised marketing solution (in terms of contracts/confirmed purchase orders completed during the year) amounted to RMB3.1 million, RMB4.9 million and RMB6.0 million, respectively.

During the Track Record Period, we undertook one loss-making customised marketing solution project under which we were responsible for assisting our customer to promote the specified candy products and managing sales and inventory control of such candy products for a term from January 2018 to December 2020. In order to implement this project, we were required to purchase candy products before promoting and managing sales of such specified candy products in the market. In respect to this loss-making project, we recognised revenue of RMB2.7 million and gross loss of RMB1.6 million for FY2020. The reason for such loss-making project was mainly due to inefficient project control which led to impairment losses on such candy products. This was mainly because inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and the net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision for impairment of inventories is made for inventories which costs are higher than their net realisable value. Our Directors consider that such loss-making project was an one-off isolated incident as it only contributed 0.6% of our total revenue for FY2020, and the gross loss recognised as a result of this project did not have any material impact on our operations and financial performance. During the Track Record Period, save for the aforementioned customised marketing solution project, we had no other loss-making customised marketing solution project. During the Track Record Period, other than the above-mentioned loss-making customised marketing solution project, the Group did not undertake any other projects under which it would be required to purchase inventories with similar arrangement.

In order to minimise our exposure to loss-making projects, we have adopted internal control measures and business strategies, including regularly monitoring customer accounts, improving our pricing strategy and closely monitor cost incurred by us. For details, see “Business — Our sales and marketing — Pricing measures and strategies”.

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Payment and billing arrangement

Customised marketing solution is charged on project basis. Depending on the nature of projects, we generally bill our customers after project completion or based on project milestone. During the Track Record Period, we granted credit terms of 6–186 days to our customised marketing solution customers.

Representative Projects

Below are some of the representative customised marketing solution projects undertaken by us during the Track Record Period:

- (i) Providing an integrated management system

Customer category FMCG brand owner primarily engages in daily commodities

Implementation period January 2021 to December 2021

Project fee Around RMB52.0 million

**Customer's requirements/
our responsibilities**

- Customer wanted to implement sales and marketing activities in the offline retail stores designated by Customer, with a view to improving sales of those offline retail stores.
- Customer wanted us to provide a system which can connect with its own internal IT system and use such system to collect sales data for the calculation of performance-based remuneration of marketers; meanwhile, such system helped refine the management of retail process, tasks for marketers and service fees of marketers.

Our major work steps *Implementation of sales and marketing activities*

- (1) First, Customer provided a list of offline retail stores which require our services. Based on such list, we set up promotional booth or counters or materials (e.g. posters, banners and tags) at the designated offline retail stores and engaged necessary and suitable marketers by publishing tasks to *MiJob Square*. Main duties of marketers were sales promotion and management of appropriate merchandise display and maintenance of promotional material set up at the designated offline retail stores. We used *Remotes* to publish tasks, while marketers used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their application. Approved marketers received confirmation notification on *MiJob Square*.

- (2) We were responsible for managing the assessment system of marketers. As such, we provided online and offline trainings to marketers to ensure the services provided by them met the Customers' requirements.
- (3) During implementation of the project, marketers were required to report their attendance and task completion using *MiJob Square*. We processed such data to generate monthly analysis reports, which contained recruitment rates and attendance rates of marketers and sales performance of offline retail stores, and delivered such reports to Customer.

Connecting with Customer's internal IT system

- (1) First, Customer provided all information about its system connectors in relation to their internal IT system.
- (2) Then, we linked our FMES platform with Customers' internal IT system through system connectors provided by Customer.
- (3) After the connection, data necessary for the calculation of marketers' performance-based remuneration were pushed and transmitted from our FMES platform to Customers' internal IT system through system connectors provided by Customer. These data were input by marketers using *MiJob Square* during their on-site implementation.

Stakeholders involved

Customer — Brand owner

Marketers — Around 12,000 marketers

Points of sale — Over 4,300 offline retail stores from 67 cities spreading across 20 provinces/municipalities in mainland China

**Digitalised tools involved
and their major
application**

- ***Remotes*** — Tasks were published using *Remotes* and the published tasks would reach marketers on *MiJob Square*. Customer could also initiate, update and manage the sales and marketing project in real time through *Remotes*. We, as the project manager, monitored the implementation of the activities by analysing data processed through *Remotes*.
- ***MiJob Square*** — Marketers received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.

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Achievements and assessment

- Our performance was assessed by key performance indicators stated in the service agreement, which included recruitment and attendance rate of marketers and sales performance of offline retail stores. For the second half of 2021, we achieved (i) recruitment rate of marketers of 97%–99%, as compared with Customer’s minimum requirement of 95%; and (ii) attendance rate of marketers of 98%–99%, as compared with Customer’s minimum requirement of 95%. In addition, over half of sales and marketing activities successfully improved sales performance of offline retail stores, as compared with the usual daily average sales performance of these offline retail stores.
- Owing to adequate marketers and offline retail stores, we facilitated Customer’s completion of over 287,000 sales and marketing activities in the project.
- All project data was directly pushed and transmitted from our FMES platform to the internal IT system of Customer, which enabled the connection and integration of Customer’s system with data of offline retail stores and marketers and simplified the project settlement process

(ii) Outdoor sales and marketing activities using caravan

Customer category

FMCG brand owner primarily engages in food products and beverage

Implementation period

September to December 2021

Project fee

Around RMB6.9 million

**Customer’s requirements/
our responsibilities**

- Customer wanted to organise sales and marketing activities using a series of different digitalised tools, a caravan and red pockets to enhance consumer interactions and brand popularity.
- We were responsible for organising and implementing the said sales and marketing activities, including planning the schedule and route for activity and providing technology support in relation to our digitalised tools.

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Our major work steps

- (1) First, Customer provided a list of cities/towns which require our sales and marketing services. Based on such list, we planned the schedule and routes for all activities, hired the caravan, arranged decoration of the caravan, set up a performance stage and sourced all necessary event materials. We also arranged a promotional video to be published on the Internet before the commencement of the event. We were also responsible for purchasing necessary insurance as stated in the service agreement.
- (2) Also, we were responsible for engaging necessary and suitable marketers by publishing tasks to *MiJob Square*. Main duties of marketers included on-site implementation of the roadshow (such as setting up the venue, distributing gifts to guests and engaging guests to play minigames in *Lucky Radar*). We used *Remotes* to publish tasks, while marketers used *MiJob Square* to apply for tasks. Afterwards, we reviewed and approved their applications. Approved marketers received confirmation notifications on *MiJob Square*. We then provided training for approved marketers prior to the events.
- (3) During implementation of the project, marketers facilitated the on-site implementation, while we, as the project manager, oversaw the event using *Remotes* to ensure smooth implementation of the event. We were also required to arrange a promotional video to be published on the Internet within two days after the end of each event.
- (4) Marketers are required to report their attendance and task completion using *MiJob Square*. Such data were transmitted to our FMES platform for our further processing. We were required to provide Customer with weekly progress reports, including sales performance of offline retail stores, completion rate of event, guest participation rate and Internet publication rate.

Stakeholders involved

Customer — Brand owner

Marketers — Around 43,000 marketers manshifts

Points of sale — 80 offline retail stores in 60 cities and towns in the PRC

Consumers — Over 2,000 guests

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- Digitalised tools involved and their application**
- *Remotes* — Tasks were published using *Remotes* and the published tasks would reach marketers on *MiJob Square*. Customer could also initiate, update and manage the sales and marketing project in real time through *Remotes*. We, as the project manager, monitored the implementation of the activities by analysing data processed through *Remotes*.
 - *MiJob Square* — Marketers received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.
 - *Lucky Radar* — Guests of the activities played mini-games on *Lucky Radar* and obtained discount coupons for their purchases at the offline retail stores.
- Achievements and assessment**
- Our service fees for this project were calculated with reference to the number of events held. Our performance was assessed by key performance indicators stated in the service agreement, which included pre-event cooperation, implementation and production of event and marketers performance. If we failed to achieve a minimal level of the performance indicators, Customer was entitled not to pay for the service fees for particular events. During the project period, all events were held successfully and Customer did not deduct any of our service fees for this project.
 - Marketers receive tasks containing specific requirements via our digitalised tool, while at the same time, back-office staff of Customer could publish tasks and receive activity data information for further analyses via our digitalised tool.

(iii) In-store traffic flow management and promotion activity

Customer category	Brand owner primarily engages in consumer electronics
Implementation period	January 2022 to May 2022
Project fee	Around RMB4.0 million
Customer's requirements/ our responsibilities	Customer wanted to (i) manage traffic flow at peak hours of offline retail stores, such as welcoming incoming consumers and processing consumers' enquiries and requests in relation to products; and (ii) assist in the maintenance of promotional materials (e.g. posters, banners and festive decorations) and store activities to enhance store services, such as outreach publicity and event maintenance

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Our major work steps	<ol style="list-style-type: none">(1) We designed and recommended schedules. Based on the implementation plan approved by Customer, we engaged necessary and suitable marketers by publishing tasks to <i>MiJob Square</i>. Main duties of marketers were assisting the offline retail stores to carry out product introduction, event promotion and sales. We used <i>Remotes</i> to publish tasks, while marketers used <i>MiJob Square</i> to apply for tasks. Afterwards, we reviewed and approved their application. Approved marketers received confirmation notifications on <i>MiJob Square</i>. We provided online and offline trainings and quizzes to marketers to ensure the services provided by them met the Customers' requirements.(2) During implementation of the project, marketers were required to report their attendance and task completion using <i>MiJob Square</i>. We processed such data to generate reports on overall performance and delivered such reports to Customer.
Stakeholders involved	<p><i>Customer</i> — Brand owner</p> <p><i>Marketers</i> — Over 7,200 marketers manshifts per promotion activity</p> <p><i>Points of sale</i> — Over 4,500 offline retail stores in over 300 cities across 31 provinces/municipalities in the PRC</p>
Digitalised tools involved and their application	<ul style="list-style-type: none">● <i>Remotes</i> — Tasks were published using <i>Remotes</i> and the published tasks would reach marketers on <i>MiJob Square</i>. Customer could also initiate, update and manage the sales and marketing project in real time through <i>Remotes</i>. We, as the project manager, monitored the implementation of the activities by analysing data processed through <i>Remotes</i>.● <i>MiJob Square</i> — Marketers received and applied for tasks through <i>MiJob Square</i> and were required to report attendance and revert task completion and other feedback using <i>MiJob Square</i>.
Achievements and assessment	<ul style="list-style-type: none">● Our service fees for this project were calculated with reference to number of events held or marketers involved. During the project period, we held over 19,000 events. There was no performance indicator stated in the service agreement.● Using our digitalised tool, Customer and us can monitor and supervise the recruitment, training and attendance of marketers and implementation of the on-site sales and marketing activities.

Tasks and marketers matching service

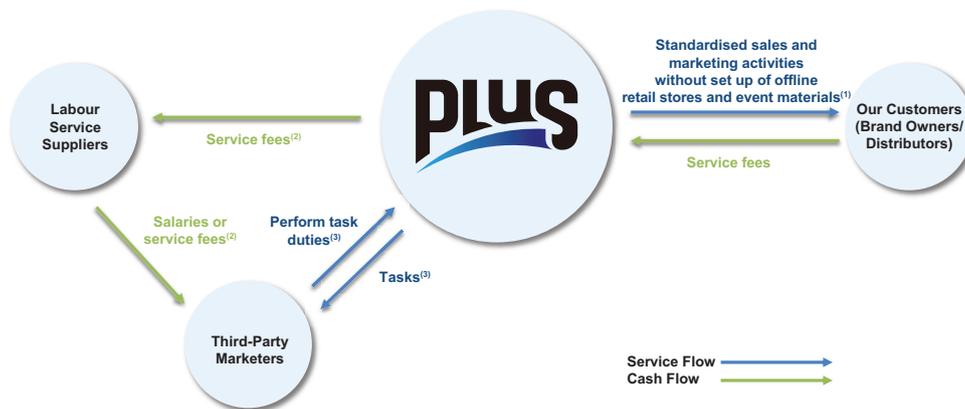
Overview

Tasks and marketers matching service, accounted for 7.7%, 14.2% and 13.3% of our total revenue during each year of the Track Record Period. We formulate and implement standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance. In particular, our customers' marketing tasks are published via our digitalised tool, namely *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendation on tasks and suitable marketers. Also, with the aim of achieving our customers' performance targets, we regularly evaluate the impact of our services on sales performance. Typical examples of standardised sales and marketing activities include promotional booth at offline retail stores and in-store merchandise display.

Revenue from tasks and marketers matching service is recognised over time as the customers simultaneously receive and consume the benefits provided by our performance. Revenue for tasks and marketers matching service is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant's Report in Appendix I to this prospectus for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

Business model and process

The following diagram illustrates the business model of our tasks and marketers matching service:

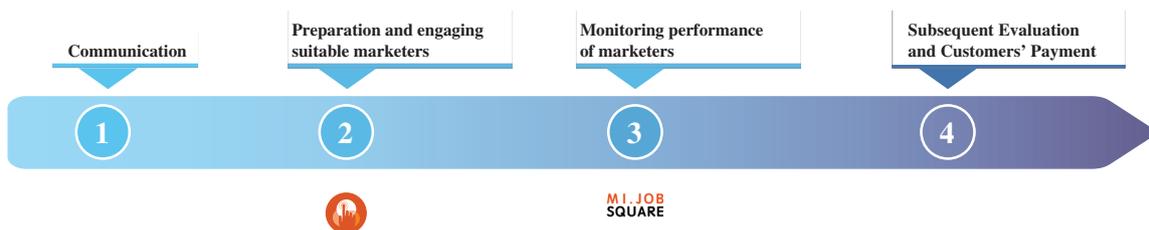


Notes:

1. We formulate and implement standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance. In particular, our customers' marketing tasks are published via our digitalised tool, namely *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendation on tasks and suitable marketers. Also, with the aim to achieving our customers' performance targets, we regularly evaluate the impact of our services on sales performance.
2. Major suppliers of tasks and marketers matching service include labour service suppliers. Remuneration of third-party marketers engaged by the Group varies for different tasks, which generally includes a combination of fixed fees, which are calculated based on their actual attendance, and performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise. We do not directly pay third-party marketers. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Further details on labour service suppliers, see "Our service network and marketers" in this section.
3. Our tasks and marketers matching service requires on-site implementation by third-party marketers. Third-party marketers are supplied by our labour service suppliers. Since third-party marketers do not have any employment or contractual relationship with us, they can flexibly cope with our customers' ad-hoc service demands. In order to efficiently manage third-party marketers, we use a task-based management system. Tasks are published using *Touchkit* and marketers can access a list of available tasks and apply for any suitable tasks using *MiJob Square*. Typical examples of tasks and marketers matching service task include in-store merchandise display and sales and promotion of customers' merchandise.

We procure tasks and marketers matching service projects generally through quotation invitations or competitive tender from existing and potential customers or as a result of our proactive communication with our existing and potential customers. For further details on the tendering process, see "Our sales and marketing" in this section.

We act as adviser, organiser and project manager of the tasks and marketers matching service and system operator of our digitalised tools. The below flowchart summarises the major business process of our tasks and marketers matching service:



1. ***Communication with customers and giving necessary advices***

We communicate with our customers on their requests and needs, in particular their specific sales target(s) (or other performance indicator(s)) and budget for achieving such target(s). Based on the customer's expectation and budget and using our digitalised tools and data assets accumulated over the years, we formulate an implementation plan, which includes dates and duration of the events, coverage of offline retail stores and sales goals. The implementation plan would continue to be revised according to our customers' requests until it is approved by our customers;

2. *Preparation and engaging suitable marketers*

We use *Touchkit* to publish marketing tasks based on the approved implementation plan. Tasks include event information such as duration and frequency, location, detailed description of duties, amount and calculation method of remuneration and other important notes. Typical examples of tasks include in-store merchandise display and sales and promotion of customers' merchandise. Marketers apply for the tasks via *MiJob Square* and we review and approve their application. We are also responsible for ensuring the recruitment rates of offline retail stores. We may provide online and/or offline trainings and follow-up quizzes to approved marketers, so that they could have a better picture on how to satisfactorily fulfil their task duties and our customers' expectations;

Touchkit applies big data and AI technologies in analysing historical performance of marketers and generating matching recommendations of these marketers with tasks. Such historical performance includes attendance records, task completion, appraisal and performance review of marketers, which is retained as data assets and tagged to each and every marketer. Using such matching recommendations, we can enhance our ability in achieving better results (such as sales amount). To further explain, even if a particular marketer is good at achieving sales at a high-end shopping mall, he/she might not be good at arranging display of merchandise at a local convenience shop. This is because different tasks at offline retail stores in different areas which may have different target consumer groups, consumers' behaviour and preference or merchandise variety require marketers with different backgrounds, experiences and skill sets. In order to increase the accuracy in matching marketers with a particular task (which stipulates the scope of tasks, merchandise and designated offline retail stores), we use digitalised tools to collect, process and analyse data from marketers and verify such data, and then retain as data assets.

3. *Monitoring performance of marketers*

We normally position ourselves as the project manager of our customers to supervise and monitor implementation of the plan. Approved marketers execute the required task duties and thus, facilitate us to implement tasks and marketers matching service projects. In addition to overseeing the attendance of marketers, we are also responsible for ensuring sales performance of offline retail stores can meet the minimum requirements as set by our customers. Marketers use *MiJob Square* to report their execution status and such data includes their attendance records, task completion, appraisal and performance. Based on data collected using our digitalised tool, we regularly evaluate the impact of our services on sales performance with the aim of achieving sales target(s) (or other performance indicator(s)). For example, if the sales performance (or other performance indicator) falls short of our customers' requirements, we could proactively publish add-on tasks to marketers who have already accepted tasks in relation to those particular offline retail stores, or adjust the deployment of marketers after considering the intelligent matching recommendations of marketers with tasks; and

4. *Ongoing reporting, evaluation and customer's payment*

Data collected are retained as data assets. In order to ensure smooth implementation, our business team generally create instant message groups to timely monitor and follow up on the progress. Also, we may evaluate and provide feedbacks to our customers on the effectiveness of our services. In general, we produce analysis reports based on the data assets and provide such reports to our customers on weekly to monthly basis. We issue our invoice based on the service agreement for our customer's settlement.

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Third-party marketers

During the Track Record Period, we engaged third-party marketers for the implementation of our tasks and marketers matching service. Third-party marketers refer to marketers that do not have any employment or contractual relationship with us. We enter into service agreements with labour service suppliers, who engage marketers as their employees or contractors. Marketers who register through *MiJob Square* will be referred to these labour service suppliers for engagement. We do not directly pay third-party marketers. Instead, we enter into service contracts with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Since third-party marketers do not have any employment relationship with us, they can choose whether or not to apply for tasks published on our platform. However, third-party marketers are required to abide by service standards as stated in the tasks once they have accepted the same. Our third-party marketers allow us to flexibly cope with our customers' ad-hoc service demands. For further details, see "Our service network and marketers" in this section.

Number of customers

The following table sets out number of our customers who engaged us for tasks and marketers matching service for the years indicated:

	FY2020	FY2021	FY2022
<i>Number of:</i>			
— New customers	10	9	23
— Repeating customers	5	10	15
Customer retention rate ^(Note)	50.0%	66.7%	78.9%

Note: The customer retention rate for a given year is calculated by dividing (i) the number of customers in the previous year who remain as our customers in the current year by (ii) the total number of customers in the previous year.

Number of customers who engaged us for tasks and marketers matching service increased from 15 for FY2020 to 19 for FY2021, mainly because some of our customised marketing solution customers decided to switch to our tasks and marketers matching service which was in line with our business strategy to promote such service and to cater changes in sales and marketing strategies of our customers from time to time in response to the prevailing changes in their industry. Meanwhile, average revenue per customer increased from RMB2.1 million for FY2020 to RMB3.1 million for FY2021, which was generally in line with our business strategy to divert more resources and effort in promoting and developing tasks and marketers matching service as one of our key service types. Number of customers who engaged us for tasks and marketers matching service increased from 19 for FY2021 to 38 for FY2022, while average revenue per customer decreased slightly from RMB3.1 million for FY2021 to RMB2.2 million for FY2022, mainly because we primarily procured new tasks and marketers matching service customers who are relatively small-scale brand owners and distributors and had relatively less budgets for sales and marketing.

During the Track Record Period, we had customers which engaged us for more than one service types and/or changed the service type or combination of service types from time to time. In particular our cross-selling of customised marketing solution and tasks and marketers matching service is mainly because our customers may have different sales and marketing initiatives for different offline retail stores. For example, our customers may engage us for customised marketing solution for implementing customised sales and marketing activities to promote brand awareness of new products. Our customised marketing solution is characterised by our capability to implement customised sales and marketing activities, which may involve various event consumable suppliers and require lots of marketers to attend to on-site

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implementation. On the other hand, customers may engage us for tasks and marketers matching service to drive sales with standardised sales and marketing activities. Our tasks and marketers matching service is characterised by our capability to select suitable marketers to help improve sales performance of designated offline retail stores.

Backlog of our projects during the Track Record Period

Backlog, with respect our tasks and marketers matching service, refers to our estimate of number of outstanding contracts to be performed upon receiving our customers' instructions, the service terms of which had not expired as at the end of the indicated period, and the corresponding amounts of revenue to be recognised pursuant to such contracts. Such estimate is based on the best knowledge, information and belief of our Directors as at the Latest Practicable Date.

The following table sets out a rolling backlog of our tasks and marketers matching service:

	FY2020	FY2021	FY2022
<i>Number of contracts</i>			
Total number of outstanding contracts as at the beginning of the year	9	8	24
Add: number of new contracts commenced during the year	8	22	12
Less: number of contracts completed during the year	9	6	5
Total number of outstanding contracts as at the end of the year	8	24	31
	FY2020	FY2021	FY2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<i>Outstanding contract amounts</i>			
Total outstanding contract amounts as at the beginning of the year	31,403	10,688	10,353
Add: amounts of new contracts commenced during the year	11,411	58,903	73,073
Less: revenue recognised for the year	32,127	59,238	82,062
Total outstanding contract amounts as at the end of the year	10,688	10,353	1,363 ^(Note)

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The number of outstanding contracts/confirmed purchase orders increased from 24 at 31 December 2021 to 31 as at 31 December 2022. Due to impact of the outbreak of COVID-19 in Shanghai in early 2022, among the outstanding contracts/confirmed purchase orders as at 31 December 2021, five customers had two or more tasks and marketers matching service contracts for FY2021, whereas among the outstanding contracts/confirmed purchase orders as at 31 December 2022, only four customers had two or more tasks and marketers matching service contracts for FY2022. The average amount of outstanding contracts/confirmed purchase orders decreased significantly from RMB0.4 million at 31 December 2021 to RMB0.04 million as at 31 December 2022, mainly because for the above calculation basis for prudence sake, outstanding contract amounts as of 31 December 2022 only included our fixed service fees that we expect to receive, while outstanding contract amounts as of 31 December 2021 included amounts of fixed service fees and performance-based fees. As of the Latest Practicable Date, we had outstanding contract amounts of RMB840,090 ^(Note), all of which is expected to be recognised as revenue for the year ending 31 December 2023.

Note:

The outstanding contract amounts as of 31 December 2022 and as of the Latest Practicable Date represent the amounts of fixed service fees that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of 31 December 2022 and the Latest Practicable Date, respectively, for the remaining contract durations.

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The following table sets out the top 10 contracts of tasks and marketers matching service in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2020 RMB '000	Revenue FY2021 RMB '000	FY2022 RMB '000	Aggregate revenue recognised throughout the Track Record Period RMB '000	Aggregate revenue be recognised for the year ending 31 December 2023 (Note 7) RMB '000	Outstanding contract amounts as of the Latest Practicable Date	Contract status as of the Latest Practicable Date	Contract gross profit margin (Note 8) %
1	Customer G (Note 1)	2021/1/1– 2021/12/31	Sales and promotion services	Fixed and floating service fees	—	24,709	—	24,709	—	28.2%	Completed	
2	Customer G	2022/1/1– 2022/12/31	Sales and marketing services	Fixed and floating service fees	—	—	20,928	20,928	—	21.8%	Completed	
3	Customer F (Note 1)	2022/4/1– 2023/3/31	Arrangement and hosting of promotional sales and marketing events	Fixed and floating service fees	—	—	13,748	13,748	—	31.8%	Completed	
4	Note 3	2022/8/1– 2023/7/31	Sales and promotion services	Fixed and floating service fees	—	—	12,189	12,189	— (Note 9)	15.4%	Ongoing	
5	Customer G (Note 1)	2019/9/1– 2020/12/31	Sales and promotion services	Fixed and floating service fees	10,189	—	—	10,189	—	29.6%	Completed	
6	Note 4	2019/8/1– 2021/7/31	Long term promotion services	Fixed and floating service fees	5,371	3,178	—	8,549	—	33.6%	Completed	
7	Note 5	2021/7/1– 2023/6/30	Sales and promotion services	Fixed and floating service fees	—	2,215	5,691	7,906	— (Note 9)	25.2%	Ongoing	
8	Note 4	2019/8/1– 2021/7/31	Long term promotion services	Fixed and floating service fees	2,979	3,911	—	6,890	—	33.9%	Completed	
9	Note 4	2021/8/1– 2022/7/31	Sales and marketing services	Fixed and floating service fees	—	—	6,519	6,519	—	28.0%	Completed	
10	Note 6	2021/1/1– 2021/12/31	Sales and promotion services	Fixed and floating service fees	—	—	6,352	6,352	—	37.0%	Completed	

Notes:

- 1 Customer G is a PRC entity primarily engaging in the sales of daily commodities, focusing on products mostly made from natural or synthetic fibres using technologies in fibres, non-wovens and absorbency. The parent company of Customer G is a FMCG multinational corporation, which is a global leader in indispensable daily commodities (including personal health care products, household paper and consumer products) in more than 175 countries. The shares of the parent company of Customer G are listed on the New York Stock Exchange with a net sales of around USD19.1 billion, USD19.4 billion and USD20.2 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD45.8 billion as at 31 December 2022.
- 2 Customer F is a group of PRC entities primarily engaging in the sales of daily commodities and food products. The parent company of Customer F is a FMCG multinational corporation having over 400 brands in 190 countries. Its daily commodities and food products are categorised into (i) beauty & personal care (which primarily included sales of skin cleansing, hair care, skin care and deodorants categories); (ii) foods & refreshment (which primarily included sales of ice cream, savoury, dressings and tea categories); and (iii) home care (which primarily included sales of fabric category and a wide range of cleaning products). The shares of the parent company of Customer F are listed on the London Stock Exchange with a turnover of around EUR50.7 billion, EUR52.4 billion and EUR60.1 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD129.0 billion as at 31 December 2022.
- 3 Group of PRC entities primarily engage in the sales of dairy products and are distributors of a multinational corporation, the shares of which are listed on New Zealand Stock Exchange.
- 4 PRC entity primarily engages in pharmaceuticals products and is a subsidiary of a multinational corporation, the shares of which are listed on New York Stock Exchange.
- 5 PRC entities primarily engage in food products and are subsidiaries of a food and beverage multinational products corporation.
- 6 PRC entity primarily engages in dairy products (including infant formula milk powder), food, health care products, etc.
- 7 The outstanding contract amounts as of the Latest Practicable Date represent the amounts of fixed service fees that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations of the year ending 31 December 2023.
- 8 Gross profit margin represents overall gross profit margin for the particular contract for the contract duration.
- 9 For the analysis of outstanding contract amounts as of the Latest Practicable Date, for prudence sake, we only consider fixed service fees that we expect to receive under this contract. Since this contract did not specify the number of offline retail stores/manshift which require our services, the outstanding contract amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 under this contract was presumed to be zero.
- 10 This contract had a relatively lower gross profit margin, mainly because having considered (i) Customer G was one of the most important customers under tasks and marketers matching service; and (ii) the relatively long business relationship between the Group and Customer G since 2016 and with a view to procuring more business from Customer G, we offered a more competitive price.
- 11 This contract had a relatively lower gross profit margin, mainly because having considered the rate of increase in revenue from this customer during the Track Record Period, we offered a more competitive pricing. The floating fees income of this contract was calculated by multiplying a stipulated fixed rate and sales volume, regardless of sales amount.

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Fee model

We generally charge our customers (i) performance-based floating fees; and/or (ii) fixed fees including service and/or system fees. During each year of the Track Record Period, average revenue from tasks and marketers matching service (in terms of contracts completed during the year) amounted to RMB3.6 million, RMB9.9 million and RMB16.4 million, respectively.

Our performance-based floating fees are calculated based on the results of the performance indicators stipulated in the service contracts. In general, level of achievement of targeted sales amount is used as performance indicator and our floating fees are calculated using a tiered commission structure. Under one example of our tasks and marketers matching service, we charged a fixed fee based on number of marketers involved and a floating fee based on the actual sales amounts of the offline retail stores using a tiered commission structure. Such floating fee is calculated in the following manner: (i) nil if the actual sales amount is less than 80% of the targeted sales amount; (ii) 1% of the actual sales amount, if the actual sales amount is less than 100% but more than 80% of the targeted sales amount; (iii) 2.5% of the actual sales amount, if the actual sales amount is less than 130% but more than 100% of the targeted sales amount; and (iv) 4% of the actual sales amount, if the actual sales amount is more than 130% of the targeted sales amount, which is capped at a designated maximum floating fee. Despite the economic downturn and on-and-off temporary disruptions caused by COVID-19, our tasks and marketers matching service, which has adopted “performance-based” fee model, was still able to sustain strong growth momentum and achieved an increase in gross profit during the Track Record Period. We believe that it was mainly because our customers are more cost-conscious and more willing to pay for services that charge based on the results of the services.

Under the “performance-based” fee model of tasks and marketers matching service, if the performance of the marketers could not meet the performance indicators (such as sales amounts of the offline retail stores or number of completed tasks) as set out in the service agreements entered into between us and our customers, we can only generate a minimal amount of revenue based on the fixed service fees. For details of the risks associated with the “performance-based” fee model of tasks and marketers matching service, see “Risk Factors — Our financial results of tasks and marketers matching service depend on, among others, performance of marketers which can be adversely affected by a number of factors, some of which may be beyond our control.”. In order to minimise our exposure to the risks associated with the “performance-based” fee model of tasks and marketers matching service, we have adopted the following measures:

- (i) marketers are chosen with reference to matching recommendations of marketers with tasks generated by our digitalised tool using AI algorithm which analysed data assets (including performance of a marketer at a particular offline retail store) accumulated from our provision of services over the years; and
- (ii) we collect data on sales performance of the offline retail stores and based on the data collected, we continuously monitor whether our customers’ sales target(s) (or other performance indicator(s)) could be achieved. In case the sales performance (or other performance indicators) falls short of our customers’ expectations, we could proactively adjust the allocation of marketers with the aim to achieving the sales target(s) (or other performance indicator(s)) before the end of the contract/project terms.

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Despite the fluctuation in the gross profit margin of our tasks and marketers matching service for the Track Record Period, having considered (i) floating fees income accounted for a majority of our revenue from tasks and marketers matching service; (ii) the rate of increase in our revenue from tasks and marketers matching service outpaced the rate of increase in market size of China's retail sales and marketing services market; and (iii) we were able to enhance gross profit using the "performance-based" fee model during the Track Record Period, our Directors consider our abovementioned measures have been effective in mitigating our exposure to the risks associated with the "performance-based" fee model and can effectively maintain or increase the gross profit margin of our tasks and marketers matching service in the long run.

During the Track Record Period, we undertook one loss-making tasks and marketers matching service project under which we were responsible for (i) enhancing the offline retail sales of our customer through sales, stock management and data feedbacks; and (ii) managing the sales and marketing events using our digitalised tools for a term from October 2020 to December 2020. In respect to this loss-making project, we recognised revenue and gross loss of RMB8,600 and RMB280 for FY2020, respectively. The reason for such loss-making project was mainly because we offered comparatively lower prices after considering the market-leading profile of such customer. Our Directors consider that such loss-making project was one-off isolated incident as it only contributed 0.002% of our total revenue for FY2020, and the gross loss recognised as a result of this project did not have any material impact on our operations and financial performance. During the Track Record Period, save for the aforementioned tasks and marketers matching service project, we had no other loss-making tasks and marketers matching service project.

In order to minimise our exposure to loss-making projects, we have adopted internal control measures and business strategies, including regularly monitoring accounts, observing comparatively lower prices offered to our customers and closely monitor cost incurred by us. For details, see "Business — Our sales and marketing — Pricing measures and strategies".

Payment and billing arrangements

We charge and bill our tasks and marketers matching service customers on monthly basis. During the Track Record Period, we granted credit terms of 0–170 days to our tasks and marketers matching service customers.

Representative projects

Below are some of the representative tasks and marketers matching service projects undertaken by us during the Track Record Period:

- (i) Support project management with a professional digitalised platform to achieve greater market coverage

Customer category	FMCG brand owner primarily engages in daily commodities
Implementation period	January 2021 to December 2021
Project fee	Around RMB2.0 million per month

Customer's requirements/our responsibilities

- We were responsible for supervising marketers, who undertook tasks and were responsible for tidying up in-store merchandise displays and assisting sales of merchandise. Customer also wanted to unify work standards of marketers to improve the work efficiency of marketers, which in turn would enhance sales performance of offline retail stores
- Using our system, we were responsible for realising a high service rate of marketers
- We were also responsible for providing trainings to marketers and to require them to attend online quizzes via our digitalised tool to ensure the effectiveness and quality of services provided by them

Our major work steps

- (1) First, Customer provided a list of offline retail stores which required our services and sales targets. Based on such list, we published tasks and found suitable marketers based on our intelligent matching recommendations. Such matching recommendations were generated using AI algorithm that analyses historical performance data, which is tagged to each and every marketer collected using our digitalised tool over the years.
- (2) Main duties of marketers as stated in the tasks included tidying up in-store merchandise display and assisting sales and promotion of merchandise. Marketers can apply for the tasks and we would review and approve their application. Approved marketers would receive confirmation notification on *MiJob Square*. We provided trainings to marketers and required them to attend online quizzes using *MiJob Square* to ensure the effectiveness and quality of services provided by them.
- (3) During implementation of the project, marketers were required to report their attendance and task completion using *MiJob Square*. In addition to overseeing the attendance of marketers, we continuously monitor sales performance of offline retail stores using *Touchkit* to ensure sales targets could be achieved.

- (4) We process the data and generate analysis reports and deliver such reports to Customer. Such reports include details such as recruitment rate and attendance rate of marketers and sales performance of offline retail stores.

Stakeholders involved

Customer — Brand owner

Marketers — Over 2,000 marketers (for December 2021)

Points of sale — Over 2,000 offline retail stores in more than 260 cities in 28 provinces/municipalities in the mainland China

Digitalised tools involved and their application

- *Touchkit* — Tasks were published using *Touchkit* and the published tasks would reach marketers on *MiJob Square*.
- *MiJob Square* — Marketers received and applied for tasks through *MiJob Square* and were required to report attendance and revert task completion and other feedback using *MiJob Square*.

Achievements and assessment

- Our performance was assessed by key performance indicators stated in the service agreement, which included sales performance of offline retail stores and completion rate.
- We enabled Customer to achieve sales of RMB127 million in March 2021, representing (i) an increase in sales by 31% from RMB97 million for the same period in 2020; and (ii) 43% higher than the performance target of RMB90 million
- We achieved a high completion rate of 104% with high cost-effectiveness ratio (i.e. the ratio of sales that can be achieved though the project versus marketing expenses that Customer spent on the project) of 3.8% and obtaining highest scores for our 2022 implementation plan, thereby allowing us to obtain the continuous management of this project

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(ii) Managing marketers using tiered performance-based compensation

Customer category	FMCG brand owner primarily engages in food products
Implementation period	April 2021 to July 2021
Project fee	Around RMB3.0 million
Customer's requirements/our responsibilities	<ul style="list-style-type: none">• Customer wanted to manage marketers using tiered performance-based compensation and enhance cost effectiveness of its spending on sales and marketing initiatives• Customer also wanted to verify the identities of marketers and ensure that the marketers are the same persons from onboarding to working to payment of service fees• We were responsible for supervising marketers and providing marketers with basic task training and product knowledge training to improve sales skills, as well as enhance the activeness of marketers in a timely manner by giving bonus
Our major work steps	<ol style="list-style-type: none">(1) First, Customer provided a list of offline retail stores which require our services and sales targets. Based on such list, we publish tasks and find suitable marketers based on our intelligent matching recommendations. Such matching recommendations were generated using AI algorithm that analyses historical performance data, which is tagged to each and every marketer collected using our digitalised tool over the years.(2) We publish tasks and find suitable marketers based on our intelligent matching recommendations. Main duties of marketers as stated in the tasks included tidying up in-store merchandise display and assisting sales and promotion of merchandise. We used <i>Touchkit</i> to publish tasks, while marketers used <i>MiJob Square</i> to apply for tasks. Afterwards, we reviewed and approved their application. Approved marketers would receive confirmation notification on <i>MiJob Square</i>. We then provided basic task and product knowledge trainings to marketers to ensure the services provided by them were up to standard as required by Customer.

- (3) During implementation of the project, marketers were required to report their attendance and task completion using *MiJob Square*. In addition to overseeing the attendance of marketers, we continuously monitor sales performance of offline retail stores using *Touchkit* to ensure sales targets could be achieved. We need to enhance the activeness of marketers in a timely manner by giving bonus.
- (4) We process the data and generate analysis reports and deliver such reports to Customer. Such report included details such as recruitment rate and attendance rate of marketers and sales performance of offline retail stores.

Stakeholders involved

Customer — Brand owner

Marketers — Over 560 marketers (for July 2021)

Points of sale — Over 560 offline retail stores in more than 79 cities in 24 provinces/municipalities in the mainland China

Digitalised tools involved and their application

- *Touchkit* — Tasks were published using *Touchkit* and the published tasks would reach marketers on *MiJob Square*.
- *MiJob Square* — Marketers received and applied for tasks through *MiJob Square* and are required to report attendance and revert task completion and other feedback using *MiJob Square*.

Achievements and assessment

- Our performance was assessed by key performance indicators stated in the service agreement, which included sales performance of offline retail stores, completion rate and attendance rate of marketers.
- We enabled Customer to achieve an average sales of around RMB19 million during April to July 2021, representing an increase in sales by around 8% as compared with the same period in 2020 with low cost effectiveness ratio of 3.9%
- In July 2021, achieved a high completion rate of 96% and effective attendance rate of 98%

Marketers assignment service*Overview*

Marketers assignment service, accounted for 17.8%, 16.7% and 7.8% of our total revenue during each year of the Track Record Period. We assign our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores and help manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to a stable supply of marketers.

Generally, one marketer assignment service contract requires hundreds of employee marketers and thus, involves a huge amount of employee marketer information and human resources-related administration matters. We use our digitalised tool, namely *eHR*, to automatically generate digital employment contracts using details input by employee marketers. It not only reduces chances of clerical and inadvertent errors as compared with traditional manual input and preparation of employment contracts, but also ensures compliance with the relevant PRC laws and regulations which require signing of employment contracts within one month from the date of commencement of work and helps streamline new staff induction procedures. In addition, we also assist our customers to handle on-going human resources-related matters, including payment of salaries and benefits.

Main duties and responsibilities of employee marketers include: (i) sales and marketing at the designated location and consumer management, which includes accomplishing the relevant monthly/annual sales and marketing targets and other on-site targets; (ii) acquiring new consumers and retaining existing consumers; (iii) accomplishing sales and displaying of merchandise and other performance indicators as may be required by our customers; (iv) executing promotional activities; and (v) managing inventories.

Revenue for marketers assignment service is recognised on a net basis which the labour costs paid to the employees are recorded to net off revenue and is recorded over time as the customers simultaneously receive and consume the benefits provided by our performance of the monthly administration work. While we enter into employment contracts with the employee marketer, we are treated as our customers' agent. Detailed analysis on the accounting treatment for recognising revenue for marketers assignment service on a net basis is set out in "Financial Information — Principal components of consolidated statements of comprehensive income — Revenue — Marketers assignment service".

We generally do not have discretion over the dismissal of employee marketer. Based on the above, we have no control/discretion over the daily performance of the employee marketer. Although the services provided by us under marketers assignment service, such as recommendations on recruitment and trainings, may indirectly (positively) affect the performance of employee marketer (and therefore sales performance, and in turn our performance-based revenue), such services are only provided upon our customer's approval and major decisions in relation to the employment, level of salaries, daily performance and work schedule and dismissal of the employee marketer are generally made by our customers. Further details are set out in Note 2.22(e) to the Accountant's Report in Appendix I to this prospectus. The majority of the fees that we received from our customers under marketers assignment service were paid out to the employee marketer as

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salaries and benefits. Recognising the revenue on a net basis therefore allow us to give a more accurate reflection of our business model. Set forth below is the breakdown of our gross transaction amounts from marketers assignment service and reconciliation between the gross transaction amounts and revenue recognised:

	FY2020 <i>RMB '000</i>	FY2021 <i>RMB '000</i>	FY2022 <i>RMB '000</i>
Gross transaction amounts from marketers assignment service	1,059,106	1,128,950	763,128
Employee benefit and disbursements	<u>985,523</u>	<u>1,059,538</u>	<u>714,415</u>
Revenue from marketers assignment service	<u>73,583</u>	<u>69,412</u>	<u>48,713</u>

Business model and process

The following diagram illustrates the business model of our marketers assignment service:

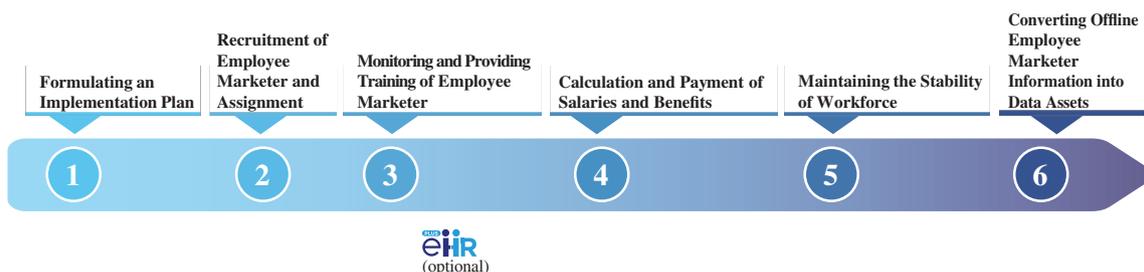


Notes:

1. We assign our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores and help manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.
2. During the Track Record Period, if we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. For details, see “Risk Factors — Risks Relating to Our Business — We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may have an adverse impact on us.” and “Business — Employees”.

In general, we procure engagement for marketers assignment service via quotation invitation or competitive tender from existing and potential customers. For further details on the tendering process, see “Our sales and marketing” in this section.

The below flow chart summarises the business process of our marketers assignment service:



1. *Formulating an implementation plan*

We communicate with our customers and agree on scope of services of the employee marketer, including, in particular, work schedule, duties, salary scale and payment requirements, specific requirements on skills and experience of employee marketer, policy on recruitment, termination and dismissal of employee marketer, geographical location of assignment, number of positions and disbursements. We also discuss with our customers whether they want to adopt *eHR* or use their existing human resources software or system. The main features of *eHR* include user identity verification, digital employment contracts and a wide range of human resources management functions, such as calculation and records of salaries and benefits and generating staff-related reports. We enter into retainer agreement with our customers and using our data assets, we formulate an implementation plan for our customers' approval;

2. *Recruitment of employee marketers and assigning them to designated offline retail stores*

We assist in the selection and recruitment of the employee marketers based on the said implementation plan and sign digital employment contracts with the employee marketers via *eHR* or sign employment contracts in paper form with the employee marketers. We only start recruiting employee marketers after the engagement of marketers assignment service has been confirmed by contract or purchase order and would not hire any employee marketers prior entering any marketers assignment service contract with our customers. The final decision on selection and recruitment of the employee marketers and the level of salaries of employee marketers are made by our customers. *eHR* automatically generates digital employment contract based on the personal details input by the employee marketers, hence reducing chances of clerical and inadvertent errors when preparing internal records and digital employment contracts as compared with traditional data entry and preparation of employment contracts manually by human resources staff. We consider that signing digital employment contracts using *eHR* could benefit our customers by ensuring compliance with the relevant PRC laws and regulations which require signing of employment contracts within one month from the date of commencement of work and streamlining new staff induction procedures. We then assign the employee marketers to work for our customers. Each employee marketer is assigned to a designated project and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Main duties and responsibilities of the employee marketers include sales and marketing at designated location, consumer management, displaying of merchandise, executing promotional activities and managing inventories. Based on the instructions of our customers, we assist in the management of the employee marketers. Generally, we provide advice to our customers on the implementation of sales and marketing services carried out by the employee marketers and our customers may directly or with our assistance give instructions to employee marketers so as to assign duties to them. Our customers have the discretion on the daily performance, or work schedule of the employee marketers;

3. ***Monitoring and providing training of employee marketers***

We may need to appraise whether the assigned employee marketers can meet the specific key performance indicators as stipulated in our service agreement with customers and provide trainings to employee marketers to ensure satisfactory performance. Via *eHR*, we can continuously manage the employment records, such as digital employment contracts, number of employee marketers pending recruitment approval, number of contracts pending execution and average salary of all employee marketers, in an efficient manner;

4. ***Calculation and payment of salaries and benefits***

We calculate salaries (which may include fixed monthly salaries and bonuses to be calculated based on stipulated performance indicators) and benefits (including social insurance and housing provident fund) of employee marketers according to the employment contract signed between us and the employee marketers. We then submit the calculations to our customers for their approval. Upon customers' approval of the calculation, we make payments of salaries to the employee marketers and make contributions of social insurance and housing provident funds before our customers' payments of our service fees. Our customers will reimburse us according to the service contracts. If we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. We issue our invoice based on the service agreement for our customer's settlement;

5. ***Maintaining the stability of workforce***

If our customers consider that any employee marketer assigned by us is unsatisfactory, our customers have the right to request for replacement and we are responsible for providing suitable candidates for our customer to select and take up the post within a designated period of time, generally ranging from one to two weeks. Generally, we then make payment of compensation arising from the termination of the employment contract due to the aforementioned reason, for which our customers will reimburse us thereafter according the contracts we enter into with our customers. Our customers generally have the discretion on dismissal of employee marketer. Meanwhile, we may receive an appraisal bonus if, among others, we handle entry and exit procedures in a timely manner. As such, we help our customers maintain a stable and appropriate workforce; and

6. ***Converting offline information into data assets***

Data assets maintained on *eHR* include information such as personal details of employee marketers, payroll records and records of contribution of social insurance and housing provident funds.

Employee marketers

We engage employee marketers and assign them to work for our marketers assignment service customers. Each of the employee marketer is assigned to a designated project according to his/her working experiences and skill sets and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Generally, there is no overlapping service provided by our employee marketers as each of them is recruited for and assigned to a designated project. Occasionally, when our management considers there to be a need to fill temporary shortages of marketers, we may engage third-party marketers under marketers assignment service as temporary substitutes in place of our employee marketers during their temporary and short-term absence. Their remuneration includes 1) fixed monthly salaries, which are subject to actual attendance, and 2) performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise.

In respect of the termination of employment relationship between us and employee marketers at the instruction of marketers assignment service customers, according to the employment contracts entered into between us and the employee marketers and the applicable PRC Labour Contract Law, except as otherwise provided by the law, we are entitled to terminate the employment contracts unilaterally due to, among other grounds, the employee marketers' serious violation of the our rules and regulations or their serious dereliction of duty. Furthermore, by providing a 30-day prior written notice to the relevant employee marketer, we are entitled to legally terminate the employment contract of the relevant employee marketer due to, among other grounds, the relevant employee marketer's incompetency despite his/her training and adjustment in job position.

As advised by our PRC Legal Adviser, in the event that we have terminated the employment contract of an employee marketer in a manner contrary to the terms of the employment contract, for example, by failing to give prior written notice as expressly stipulated under the relevant employment contract, then according to the PRC Labour Law, on the ground of breach of the employment contract, the employee marketer may require the Group to make economic compensation, which amounts to two months' wages for each full year of the employee marketer's years of employment with the Group. In which case, and pursuant to the service contract entered into between us and the marketers assignment service customer, the costs resulting from such termination including the abovesaid economic compensation shall be borne by our customer.

During the Track Record Period and as of the Latest Practicable Date, we did not have any material legal proceeding with the employee marketers in relation to the termination of employment relationships.

During the Track Record Period, we have generally entered into fixed term contracts with our employee marketers, with such contract periods ending (i) on a specific date or (ii) on the completion date of our customers' sales and marketing events. For the fixed term contracts with a specific termination date, the contract period generally falls within 3 years and hence mirror the periods of the corresponding service contracts (from 2 months to 3 years) that we enter into with our respective customers. Each of the employee marketer is assigned to a designated project and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Main duties and responsibilities of the employee marketers include: (i) sales and marketing at the designated location and consumer management, which includes accomplishing the relevant monthly/annual sales and marketing targets and other on-site targets; (ii) acquiring new consumers and retaining existing consumers; (iii) accomplishing sales and displaying of merchandise and other performance indicators as may be required by our customers; (iv) executing promotional activities; and (v) managing inventories. For further details, see "Our service network and marketers" in this section.

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We provide nationwide services to our customers by effectively monitoring and governing highly dispersed employee marketers. As at 31 December 2022, we assisted in the recruitment and assigned more than 3,900 employee marketers who work for our customers in over 160 cities, comprising cities of different tiers across 23 provinces/municipalities in China. The table below sets out a summary of geographical areas where our employee marketers were located at for the years indicated:

	2020		As at 31 December 2021		2022	
	<i>Number of employee marketers</i>	<i>%</i>	<i>Number of employee marketers</i>	<i>%</i>	<i>Number of employee marketers</i>	<i>%</i>
East China ⁽¹⁾	5,576	44.3	4,687	40.4	1,514	38.7
South China ⁽²⁾	2,434	19.3	2,485	21.4	957	24.4
Southeast China ⁽³⁾	632	5.02	651	5.6	337	8.6
Southwest China ⁽⁴⁾	641	5.1	749	6.5	393	10.0
North China ⁽⁵⁾	1,526	12.1	1,642	14.1	464	11.8
Northeast China ⁽⁶⁾	810	6.4	774	6.7	112	2.9
Northwest China ⁽⁷⁾	1	0.1	3	0.1	—	—
Central China ⁽⁸⁾	981	7.8	621	5.3	140	3.6
Total	12,601	100.0	11,612	100.0	3,917	100.0

Notes:

- (1) Included Jiangsu, Shanghai, Zhejiang and other provinces/municipalities in East China.
- (2) Included Guangdong, Guangxi and Hainan.
- (3) Included Sichuan and Jiangxi.
- (4) Included Chongqing, Yunnan and Guizhou.
- (5) Included Beijing, Shanxi, Hebei and other provinces/municipalities in North China.
- (6) Included Jilin and Liaoning.
- (7) Included Xinjiang.
- (8) Included Hunan and Hubei.

Number of customers

The following table sets out number of our customers who engaged us for marketers assignment service for the years indicated:

	FY2020	FY2021	FY2022
<i>Number of:</i>			
— New customers	3	1	5
— Repeating customers	19	13	13

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Number of customers who engaged us for marketers assignment service decreased from 22 for FY2020 to 14 for FY2021, mainly because (i) six customers ceased to engage us for any services for FY2021; and (ii) three customers ceased to engage us for our marketers assignment service but continued to engage us for our customised marketing solution and/or tasks and marketers matching service for FY2021. These three customers contributed an aggregate revenue of RMB7.3 million and RMB8.4 million and an aggregate gross profit of RMB2.6 million and RMB3.0 million for FY2020 and FY2021, respectively. Number of marketers assignment service customers then increased to 18, mainly as a result of our efforts in procuring new customers for FY2022.

During the Track Record Period, certain customers ceased to engage us for our marketers assignment service but continued to engage us for our customised marketing solution and/or tasks and marketers matching service. We believe that it was in line with our strategies to put more focus on customised marketing solution and tasks and marketers matching service. From our perspective, marketers assignment service has been relatively less profitable (if gross transaction amount is considered) and requires relatively more working capital than our other services. From our customer's perspective, whether our customers would switch to our other services mainly depends on their sales and marketing strategies in response to the prevailing offline retail market situation. In particular, marketers assignment service offers dedicated and stable workforce whereas customised marketing solution delivers one-time customised sales and marketing event implementation services and tasks and marketers matching service offers flexibility in the use of a large marketer pool for executing specific task duties at particular offline retail stores.

Backlog of our projects during the Track Record Period

Backlog, with respect to our marketers assignment service, refers to our estimate of number of outstanding contracts to be performed upon receiving our customers' instructions, the service terms of which had not expired as at the end of the indicated year and the corresponding amounts of revenue to be recognised pursuant to such contracts. Such estimate is based on the best knowledge, information and belief of our Directors as of the Latest Practicable Date.

The following table sets out a rolling backlog of our marketers assignment service:

	FY2020	FY2021	FY2022
<i>Number of contracts</i>			
Total number of outstanding contracts as at the beginning of the year	21	19	36
Add: number of new contracts commenced during the year	16	24	7
Less: number of contracts completed during the year	18	7	30
Total number of outstanding contracts as at the end of the year	19	36	13

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	FY2020 <i>(RMB '000)</i>	FY2021 <i>(RMB '000)</i>	FY2022 <i>(RMB '000)</i>
<i>Outstanding contract amounts</i>			
Total outstanding contract amounts as at the beginning of the year	67,949	29,660	43,917
Add: amounts of new contracts commenced during the year	35,294	83,669	22,740
Less: revenue recognised for the year	73,583	69,412	48,713
 Total outstanding contract amounts as at the end of the year	 29,660	 43,917	 17,945 ^{<i>(Note)</i>}

The number of outstanding contracts decreased from 36 as at 31 December 2021 to 13 as at 31 December 2022 and the average amount of outstanding contracts increased from RMB1.2 million at 31 December 2021 to RMB1.4 million as at 31 December 2022. This was mainly because as impacted by the outbreak of COVID-19 in Shanghai in early 2022, among the outstanding contracts as at 31 December 2021, ten customers had two or more marketers assignment service contracts for FY2021, whereas among the outstanding contracts as at 31 December 2022, save for one customer who had three marketers assignment service contracts, all customers had only one marketers assignment service contract with us for FY2022. As of the Latest Practicable Date, we had outstanding contract amounts of RMB20.6 million ^{*(Note)*}, among which RMB17.9 million is expected to be recognised as revenue for the year ending 31 December 2023.

Note:

The outstanding contract amounts as of 31 December 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive calculated on a net basis and based on the latest monthly fees for the Track Record Period for the remaining contract durations.

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The following table sets out the top 10 contracts of marketers assignment service in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	FY2020 RMB '000	Revenue FY2021 RMB '000	FY2022 RMB '000	Aggregate revenue recognised throughout the Track Record Period 2023 (Note 6) RMB '000	Outstanding contract amounts as of the Latest Practicable Date expected to be recognised as revenue for the year ending 31 December 2023 (Note 6) RMB '000	Contract status as of the Latest Practicable Date	Contract gross profit margin (Note 7) %
1	Customer B (Note 2)	2021/7/1– 2023/6/30	Marketers assignment and management	Fixed and floating service fees	—	10,813	13,309	24,122	4,211	93.1%	Ongoing
2	Customer B (Note 2)	2019/7/1– 2020/6/30	Marketers assignment and management	Fixed and floating service fees	22,353	—	—	22,353	—	87.0%	Completed
3	Customer D (Note 1)	2018/10/1– 2020/9/30	Recruitment and management of sales promoter and assignment of sales promoter to multiple promotion project	Fixed service fees	16,009	—	—	16,009	—	81.6%	Completed
4	Customer F (Note 3)	2021/1/1– 2022/12/31	Recruitment and human resources management of sales representatives	Fixed service fees	—	8,816	6,658	15,474	—	90.5%	Completed
5	Customer B (Note 2)	2020/7/1– 2021/6/30	Marketers assignment and management	Fixed and floating service fees	253	9,480	—	9,733	—	95.2%	Completed
6	Customer G (Note 5)	2021/5/1– 2022/4/30	Recruitment, training and management of sales representatives	Fixed service fees	—	3,783	5,656	9,459	—	92.1%	Completed
7	Customer A (Note 4)	2020/4/1– 2021/6/30	Assignment of marketers to designated offline retail stores to carry out promotional activities	Fixed service fees	4,547	4,315	—	8,862	—	89.3%	Completed
8	Customer D (Note 1)	2018/10/1– 2021/9/30	Recruitment and management of sales promoter and remote sales promoter to multiple promotion project	Fixed service fees	60	7,948	—	8,008	—	88.0%	Completed
9	Customer F (Note 3)	2020/1/1– 2020/12/31	Recruitment and human resources management of sales representatives	Fixed service fees	7,671	—	—	7,671	—	85.6%	Completed
10	Customer D (Note 1)	2021/10/1– 2023/2/1 (Note 8)	Recruitment and management of sales promoter and assignment of sales promoter to multiple promotion project	Fixed service fees	—	3,017	3,411	6,428	—	94.4%	Completed

Notes:

- 1 Customer D is a group of PRC entities primarily engaging in the sales of infant products (including toys and dairy products). The parent company of Customer D is a subsidiary of an Asia-Pacific-based global investment firm based in PRC.
- 2 Customer B is a group of PRC entities primarily engaging in sales of daily commodities (including personal health care, oral care, textile care and home care). The parent company of Customer B is a global leader in the FMCG industry focused on providing branded consumer packaged goods in approximately 180 countries and territories through online and offline channels. The shares of the parent company of Customer B are listed on the New York Stock Exchange with a net sales of around USD71.0 billion, US\$76.1 billion and USD80.2 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD359.2 billion as at 31 December 2022.
- 3 Customer F is a group of PRC entities primarily engaging in the sales of daily commodities and food products. The parent company of Customer F is a FMCG multinational corporation having over 400 brands in 190 countries. Its daily commodities and food products are categorised into (i) beauty & personal care (which primarily included sales of skin cleansing, hair care, skin care and deodorants categories); (ii) foods & refreshment (which primarily included sales of ice cream, savoury, dressings and tea categories); and (iii) home care (which primarily included sales of fabric category and a wide range of cleaning products). The shares of the parent company of Customer F are listed on the London Stock Exchange with a turnover of around EUR50.7 billion, EUR52.4 billion and EUR60.1 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD127.5 billion as at 31 December 2022.
- 4 Customer A is a private PRC entity primarily engaging in sales of food products. It had a registered capital of USD91.5 million. The parent company of Customer A is a FMCG multinational corporation and the world's leading manufacturer of chocolate, chewing gum, mints and fruity confections. Such corporation specialises in the production confectionery, pet food and other food products.
- 5 Customer G is a PRC entity primarily engaging in the sales of daily commodities, focusing on products mostly made from natural or synthetic fibres using technologies in fibres, nonwovens and absorbency. The parent company of Customer G is a FMCG multinational corporation, which is a global leader in indispensable daily commodities (including personal health care products, household paper and consumer products) in more than 175 countries. The shares of the parent company of Customer G are listed on the New York Stock Exchange with a net sales of around USD19.1 billion, USD19.4 billion and USD20.2 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD45.8 billion as at 31 December 2022.
- 6 The outstanding contract amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive calculated on a net basis and based on the latest monthly fees for the Track Record Period for the remaining durations of the year ending 31 December 2023.
- 7 Gross profit margin represents overall gross profit margin for the particular contract for the contract duration.
- 8 As of the Latest Practicable Date, this contract was terminated by Customer D and us through a new contract entered into between Customer D and us with effect from 1 February 2023.

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Fee model

Generally, we charge our customers (i) fixed service fees based on a cost-plus approach with reference to cost and expenses expected to be incurred, such as insurance premium; and (ii) reimbursements of employee marketers' salaries and benefits and disbursements. In certain projects, we may charge our customers performance-based floating fees which are calculated based on the results of specified performance indicators. Typical examples of performance indicators include sales performance of the offline retail store or sales amount of a particular merchandise. During each year of the Track Record Period, average revenue from marketers assignment service (in terms of contracts completed during the year) amounted to RMB4.1 million, RMB9.9 million and RMB1.6 million, respectively. For the same period, we had no loss-making marketers assignment service contract.

Regarding employee marketers' salaries and benefits and other disbursements (as stated under item (ii) in the above paragraph), since we have employment relationship with our employee marketers, we are obliged to pay them salaries and benefits and to provide them labour insurance before we are reimbursed from our customers. In relation to the reimbursement procedures, we first calculate salaries (which may include fixed monthly salaries and bonuses to be calculated based on stipulated performance indicators) and benefits (including social insurance and housing provident fund) according to their employment contract signed with us. Then, we submit the calculations to our customers for their approval. Upon customers' approval of the calculation, we are responsible for and we make payments of salaries to the employee marketers and make contributions of social insurance and housing provident funds, or if we do not have a subsidiary established in a particular province or city, we may make such contributions of social insurance and housing provident funds through third-party human resources agencies. We then seek reimbursement from our customers.

Payment and billing arrangements

We charge and bill our marketers assignment service customers on monthly basis. During the Track Record Period, we granted credit terms of 7–180 days to our marketers assignment service customers.

Representative project

Below is a representative marketers assignment service project undertaken by us during the Track Record Period:

Customer category	FMCG brand owner primarily engaged in food products
Implementation period	January 2021 to December 2021
Project fee	Around RMB8.0 million per month
Our responsibilities	<ul style="list-style-type: none">According to Customer's requirements, we were responsible for ensuring the human resources-related matters of the employee marketers, including but not limited to the signing of employment contracts and payment of salaries and benefits, were in compliance with the relevant laws and regulations

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Our major work steps

- (1) We assisted Customer in recruitment of employee marketers. Upon confirmation of employment, the new employee marketers received an invitation link via instant messages to fill out required personal details and uploading supporting documents such as household registration status, social security, bank account details and address proof, to verify his or her identity. Executed versions of the digital employment contracts were retained as data assets and are available for review and download by Customer.
- (2) Customer could manage and review day-to-day human resources-related operations, such as calculation and records of salaries and benefits and generating staff-related reports through *eHR*.
- (3) We calculated salaries and benefits (including social insurance and housing provident fund) of employee marketers according to the employment contract signed between us and the employee marketers. We then submitted the calculations to Customer for their approval. Upon Customers' approval of the calculation, we made payments of salaries to the employee marketers and made contributions of social insurance and housing provident funds.

Stakeholders involved

Customer — Brand owner

Marketers — Over 1,100 employee marketers in around 120 cities in the PRC

Points of sale — N/A (*Customer did not opt for using our other digitalised tools and thus, did not provide information on points of sale*)

Digitalised tool involved and their application

eHR — Using *eHR*, Customer and us can continuously manage the employment records. In particular, *eHR* assists in employee marketers user identity verification and automatically generates digital employment contract based on the personal details input by the employee marketers, hence reducing chances of clerical and inadvertent errors.

Achievements and assessment

- Our service fees for this project were calculated with reference to the number of employee marketers involved. There were performance indicators stated in the service agreement, which included on-time payment and submission of payment records of salaries and benefits to employee marketers.
- Owing to the nature of the offline retail market which is labour intensive and widely spread, signing digital employment contracts and conducting identity verification using our digitalised tool can reduce travel expenses and prevent counterfeit signing
- In addition to employment contracts, other human resources-related documents, such as employee handbooks and administrative notices, can also be signed using digital signing function of our digitalised tool and completed online
- Human resources-related data (such as salaries payment, work-related injury, retirement, social insurance and housing provident funds contributions) and documents are digitalised, thereby significantly improving operation efficiency, strengthened record-keeping, data security and information sharing and enhanced collaboration among different business units

SaaS+ subscription*Overview*

SaaS+ subscription, contributed the fourth largest of our revenue and accounted for 0.5%, 3.6% and 4.5% of our total revenue during each year of the Track Record Period. Our SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

Revenue from SaaS+ subscription service including data subscription and system set up is under separate contracts and they are considered as distinct performance obligations. The revenue is recognised over time. When providing the system set-up service, our performance does not create an asset with an alternative use to us and has an enforceable right to payment for performance completed to date. Besides, the customer simultaneously receives and consumes the benefits of subscription service provided by us as we perform. We generally charge our customers with service fee for system set up and a fixed subscription fee over the contract period. Revenue for SaaS+ subscription is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs for the set up services are recognised as cost of services. See Notes 2.22 and 4(a) to the Accountant's Report in Appendix I to this prospectus for further details on significant accounting policies regarding revenue recognition and critical accounting estimates and judgements in relation to revenue recognition.

Business model and process

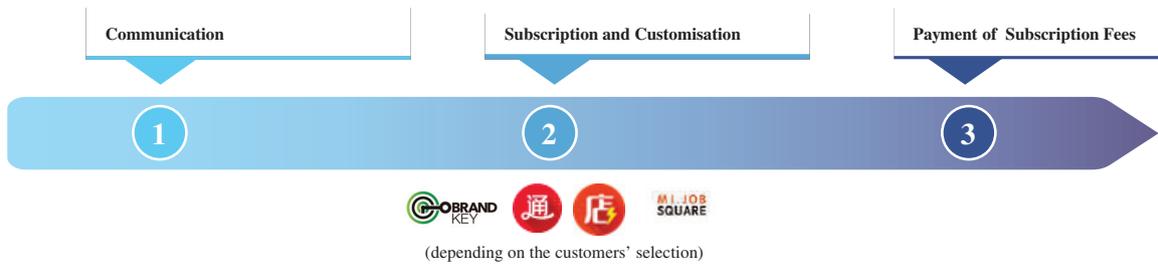
The following diagram illustrates the business model of our SaaS+ subscription:



Notes:

1. Our SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.
2. Major suppliers of SaaS+ subscription include IT service suppliers.

We procure SaaS+ subscription customers generally through invitations to provide quotations received from existing and potential customers or as a result of our proactive communication with our existing and potential customers. We act as system operator of our digitalised tools. The below flowchart summarises the major business process of our SaaS+ subscription:



1. Communication with customers

We communicate with our customers to understand their requests and needs and suggest suitable digitalised tools that are readily-available. We also discuss with our customers to see if customisation of our readily-available digitalised tools would be necessary. We may also develop new digitalised tools for our customers if so requested. In general, our customers determine the technical requirements (such as functionalities, data tags, designs of the interface, etc.) of the digitalised tool(s);

2. Subscription and customisation

We enter into subscription agreement with our customers and activate the digitalised tools for our customers. Meanwhile, we may activate the digitalised tools for users designated by our customers, such as their employees, distributors or marketers. Generally and on an as-needed basis, we customise the settings and/or operations of a range of readily-available digitalised tools in order to fulfil our customers' technical requirements. Throughout the term of the subscription, we provide all the necessary IT assistance and maintenance relating to our digitalised tools; and

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3. *Payment of subscription fees*

We issue our invoice based on the service agreement for our customer's settlement.

Number of customers

The following table sets out number of our customers who engaged us for SaaS+ subscription for the years indicated:

	FY2020	FY2021	FY2022
<i>Number of:</i>			
— New customers	3	5	90
— Repeating customers	—	3	5
Customer retention rate ^(Note)	N/A	100.0%	62.5%

Note: The customer retention rate for a given year is calculated by dividing (i) the number of customers in the previous year who remain as our customers in the current year by (ii) the total number of customers in the previous year.

Number of customers who engaged us for SaaS+ subscription increased from 3 for FY2020 to 8 for FY2021 and substantially increased to 95 for FY2022, which was in line with our business strategy to promote our SaaS+ subscription. In particular, most of the new customers we procured for FY2022 were distributor customers. Initially, with an aim to enhance sales of products through digital channels, certain of our brand owner customers have paid the subscription fees of our digitalised tool(s) for use by distributors. Hence, these distributors were not engaged as our customers at the outset. Subsequently, due to more specific needs of the respective distributors, they proceeded to directly engage us in the capacity of distributor customers (i.e. paying us subscription fees for our digitalised tool(s)) under our SaaS+ subscription), so as to satisfy their individual customisation needs. Meanwhile, the increase in average revenue per customer from RMB0.7 million for FY2020 to RMB1.9 million for FY2021 was mainly because of the increase in number of contracts commenced during FY2021. However, the decrease in the average revenue per customer from RMB1.9 million for FY2021 to RMB0.3 million for FY2022 was mainly because we procured a large number of new distributor customers for FY2022 and in line with our strategic promotion of standardised SaaS+ subscription services to distributor customers and other relatively small-scale customers.

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Backlog of our projects during the Track Record Period

Backlog, with respect our SaaS+ subscription, refers to our estimate of number of outstanding contracts to be performed upon receiving our customers' instructions, the service terms of which had not expired as at the end of the indicated period, and the corresponding amounts of revenue to be recognised pursuant to such contracts. Such estimate is based on the best knowledge, information and belief of our Directors as at the Latest Practicable Date.

The following table sets out a rolling backlog of our SaaS+ subscription contract amounts and number of SaaS+ subscription contracts:

	FY2020	FY2021	FY2022
<i>Number of contracts</i>			
Total number of outstanding contracts as at the beginning of the year	12	16	7
Add: number of new contracts commenced during the year	10	42	7
Less: number of contracts completed during the year	6	51	13
Total number of outstanding contracts as at the end of the year	16	7	1
	FY2020	FY2021	FY2022
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	<i>(RMB '000)</i>
<i>Outstanding contract amounts</i>			
Total outstanding contract amounts as at the beginning of the year	55	2,611	3,635
Add: amounts of new contracts commenced during the year	4,529	15,939	24,077
Less: revenue recognised for the year	1,973	14,915	27,712
Total outstanding contract amounts as at the end of the year	2,611	3,635	— <i>(Note)</i>

As of the Latest Practicable Date, we had outstanding contract amounts under SaaS+ subscription of RMB19,045 ^(Note) and it is expected to be recognised as revenue for the year ending 31 December 2023.

Note:

The outstanding contract amounts as of 31 December 2022 and as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of 31 December 2022 and the Latest Practicable Date, respectively, for the remaining contract durations.

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The following table sets out the top 10 contracts of SaaS+ subscription in terms of aggregate revenue recognised throughout the Track Record Period:

Rank	Customer	Contract duration	Scope of services	Charging bases	Revenue		Aggregate revenue recognised through the Track Record	Aggregate revenue expected to be recognised as revenue for the year ending 31 December 2023	Outstanding contract amounts as of Latest Practicable Date	Contract status as of the Latest Practicable Date	Contract gross profit margin	
					FY2020 RMB'000	FY2021 RMB'000						FY2022 RMB'000
1	Customer H (Note 1)	2022/4/12– 2022/12/31	Development of certain digitalised platform and tools	Fixed service fees	—	—	12,581	12,581	—	—	73.7%	Completed
2	Customer H (Note 1)	2022/11/23– 2022/12/31	Development of certain digitalised platform and tools	Fixed service fees	—	—	4,764	4,764	—	—	70.2%	Completed
3	Customer H (Note 1)	2021/12/21– 2021/12/31	Data processing digitalised tool	Fixed service fees	—	4,622	4,622	—	—	—	98.6% (Note 8)	Completed
4	Note 2	2021/10/12– 2023/10/11	Distributors management digitalised tool	Fixed service fees	—	471	3,864	3,393	—	(Note 7)	65.4%	Ongoing
5	Customer H (Note 1)	2021/11/12– 2021/12/31	Development of digitalised tool for marketing purposes	Fixed service fees	—	3,147	3,147	—	—	—	36.0% (Note 9)	Completed
6	Customer H (Note 1)	2020/12/11– 2021/1/20	Data processing digitalised tool	Fixed service fees	355	1,419	1,774	—	—	—	44.8%	Completed
7	Note 3	2020/12/1– 2022/6/30	Development of digitalised tool for marketing purposes	Fixed service fees	764	764	1,528	—	—	—	27.4% (Note 10)	Completed
8	Customer H (Note 1)	2022/12/21– 2022/12/23	Development of digitalised tool for marketing purposes	Fixed service fees	—	—	1,098	1,098	—	—	61.0%	Completed
9	Note 3	2021/7/2– 2022/6/30	Provision of digitalised tool for sales and marketing purposes	Fixed service fees	—	—	945	945	—	—	38.0% (Note 11)	Completed
10	Note 4	2021/12/23– 2022/12/31	Development of digitalised tool for marketing purposes	Fixed service fees	—	—	931	931	—	—	19.7% (Note 12)	Completed

Notes:

- 1 Customer H is a group of PRC entities primarily engaging in the sales of food products (such as chips, nuts and other casual snacks) and beverage. The parent company of Customer H is a FMCG multinational corporation, which a global leader in convenient foods and beverages and its product portfolio includes a wide range of enjoyable foods and beverages, including many iconic brands that generate more than USD1 billion each in estimated annual retail sales. The shares of the parent company of Customer H are listed on NASDAQ with a revenue of around USD70.4 billion, USD79.5 billion and USD86.4 billion for FY2020, FY2021 and FY2022, respectively. The market cap of which was USD248.9 billion as at 31 December 2022.
- 2 PRC-based corporation which is primarily engage in foods products.
- 3 Group of PRC entities primarily engage in foods products and are subsidiaries of a multinational corporation, the shares of which are listed on Stock Exchange. The market cap of which was HK\$77.6 billion as at 31 December 2022.
- 4 PRC-based corporation which primarily engage in dairy products.
- 5 The outstanding contract amounts as of the Latest Practicable Date represent the amounts that we expect, based on the best knowledge, information and belief of our Directors, to receive assuming the contracts are to be performed in accordance with its terms as of the Latest Practicable Date for the remaining durations for the year ending 31 December 2023.
- 6 Gross profit margin represents overall gross profit margin for the particular contract for the contract duration.
- 7 We had completed the services and all service fees under the contract had been billed.
- 8 This contract had a relatively higher gross profit margin, mainly because this contract involved the subscription of *Site DNA* which had been previously developed and thus, did not involve any complex development of new platform or digitalised tool, resulting in a relatively lower cost for system development and maintenance.
- 9 This contract had a relatively lower gross profit margin, mainly because we were required to develop a customised platform for the customer, including interface and billboard design for different types of users, and thus, we incurred a relatively higher development cost for engaging third-party IT service provider.
- 10 This contract had a relatively lower gross profit margin, mainly because we were required to develop a customised version of *BrandKEY* and assist in the operation and maintenance of the customer's system in various locations, resulting in a relatively higher development cost.
- 11 This contract had a relatively lower gross profit margin, mainly because (i) we were required to plan and develop a customised version of *One Shop One Code* and provide on-going remote support and maintenance services; and (ii) the development and operation of corporate Wechat, which involved timely interactions with consumers and diligent operations, resulting in a relatively higher development cost.
- 12 This contract had a relatively lower gross profit margin, mainly because (i) we were required to develop a customised version of *BrandKEY* for the customer's use in various locations and provide on-going maintenance services, and thus, we incurred a relatively higher development cost; and (ii) we offered a more competitive pricing to this customer as it was a new customer procured by us in 2022.

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Fee model

We generally charge our customers with fixed service fees for customisation of our digitalised tools, if required, and a fixed subscription fee over the contract period which is determined with reference to similar digitalised tools in the market. During each year of the Track Record Period, average revenue from SaaS+ subscription (in terms of contracts completed during the year) amounted to RMB329,000, RMB292,000 and RMB2.1 million, respectively. For the same period, we had no loss-making SaaS+ subscription contract.

Payment and billing arrangement

Our SaaS+ subscription is charged on project basis. Depending on the nature of projects, we generally bill our customers after project completion or based on project milestone. During the Track Record Period, we granted a credit term of 30–120 days to our SaaS+ subscription customers.

Representative projects

Below are some of the representative SaaS+ subscription projects undertaken by us during the Track Record Period:

(i) *BrandKEY* (customised version)

Customer category	FMCG brand owner primarily engage in food products and beverage
Implementation period	December 2020 to June 2022
Project fee	Around RMB2.4 million
Customer's requirements/ our responsibilities	<ul style="list-style-type: none">• Customer wanted to develop a full-process marketing management system, which has high accuracy, so that Customer can manage sales and marketing plans of a large number of offline retail stores• In addition, such system is required to get through and extract data with consistent data tags from other software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by Customer's 27 nationwide branch companies• We shall continue to provide services in relation to system management and maintenance and data maintenance and backup after our digitalised tool commenced operations and system software operation trainings to Customer's 27 branch companies

Our major work steps	<ol style="list-style-type: none">(1) Customer provided us un-sorted data of its sales and marketing agencies, marketing supervisors and offline retail stores. We sorted and consolidated these data using data tags.(2) Meanwhile, based on Customer's requirements, we customised <i>BrandKEY</i>, in particular filtering functions using appropriate data tags, so that data can be extracted with consistent data tags through different system.(3) Then, we tested the stability and reliability of the newly customised <i>BrandKEY</i>. After testing, we linked <i>BrandKEY</i> to software and systems, such as marketing management systems, finance systems or employee management systems, which had been used by Customer's 27 nationwide branch companies.(4) Finally, using our customised <i>BrandKEY</i>, Customer can manage sales and marketing plans involving a large number of sales and marketing agencies, marketing supervisors and offline retail stores.
Stakeholders involved	<p><i>Customer</i> — Brand owner (including its 27 nationwide branch companies)</p> <p><i>Distributors</i> — over 60 sales and marketing agencies and over 500 marketing supervisors</p> <p><i>Points of sale</i> — over 17,000 offline retail stores</p>
Digitalised tools involved and their application	<p><i>BrandKEY</i> (customised version) offers offline commerce management platform specifically designed to meet the operation needs of Customer, contains tools that help manage offline operations, including, organisational and agency management, budget and resources management, project implementation and performance evaluation, document control and is an open platform that can be connected to other systems or software which may be used by Customer or their service providers or agencies. As such, it enables systemisation of data collected from different parties or extracted from various software and maximises the accessibility and sharing of data and information.</p>

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- Achievements and assessment**
- We charged fixed service fees for customisation and subscription of our digitalised tool. There was no performance indicator stated in the service agreement.
 - By July 2022, Customer was successfully connected with 62 sales and marketing agencies, over 500 marketing supervisors and over 17,000 offline retail stores using our digitalised tool.

(ii) *Channel Station*

Customer category FMCG brand owner primarily engages in food products

Implementation period January 2022 to December 2022

Project fee RMB5,000 per user account per year

- Customer's requirements/ our responsibilities**
- Customer had 70,000 offline retail stores and wanted to digitalise its business activities with offline retail stores.
 - Customer also wanted to (i) optimise the organisation structure with reference to the sales performance of the offline retail stores; (ii) identify suitable offline retail stores for formulating expansion plan and reallocating resources; and (iii) connect with distributors' offline retail stores and enable Customer to track their daily sales orders.
 - Project should involve 100 pilot distributors.

Our major work steps (1) We activate *Channel Station* for Customer and Customer could send invitation link to its distributors. Using the invitation link, distributors of Customer can set up and manage their digitalised storefronts and maintain merchandise catalogue on the digitalised storefront of *Channel Station*. On the digitalised storefront, distributors can pre-set details such as prices, specifications, any promotional information, minimum sales volume and pricing policies and standards for certain merchandise that suit their retail strategies.

- (2) Distributor users can create QR code using *Channel Station* and invite offline retail stores to visit their digitalised storefront using such QR code. Using *Channel Station*, offline retail stores can place purchase orders directly with such distributor and distributor may then choose to accept their orders and confirm details regarding delivery and payment status. Upon completion of sales transactions, *Channel Station* automatically generates invoices to reduce administrative time and costs. Also, *Channel Station* tracked the offline retail stores which had obtained and used promotional coupons.
- (3) At the same time, Customer obtains data in relation to the purchase orders placed by offline retail stores with the relevant distributor users, so that Customer can analyse the market demands and understand the effectiveness of marketing activity.

Stakeholders involved

Customer — Brand owner

Distributors — Over 80 distributors

Points of sale — Over 6,500 offline retail stores

**Digitalised tools involved
and their application**

Channel Station is an integrated digitalised storefront focusing on connecting distributors and offline retail stores. Customer can arrange its distributors to set up their digitalised storefront to display merchandise and release marketing events and promotions with a view to driving sales, while point of sale users (as well as marketers who may be owners of offline retail stores) can place orders directly with distributor users, by digitalising the order placing processes. Main functions of *Channel Station* include (i) setting up and management of digitalised storefronts; (ii) management of distribution network; and (iii) organising marketing events and promotions.

**Achievements and
assessment**

- We charged fixed service fees with reference to number of distributors connected to Customer using our digitalised tool. There was no performance indicator stated in the service agreement.
- During the project period, Customer obtained over 13,000 sales orders from offline retail stores, totaling RMB8.7 million, through our digitalised tool.

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- In June 2022, Customer had connected with 83 distributors and accumulated over 6,500 offline retail stores, which was 12% higher than the performance target as stated in the agreement, and achieved sales orders exceeding 4,300 with an overall repeat purchase rate of 65%.
- For nine months ended 30 September 2022, around 26,000 sales orders from over 5,600 offline retail stores was achieved using our digitalised tool; as compared with the fact that promotional events cannot directly reach offline retail stores if traditional management model was used.

(iii) *Site DNA* (customised version)

Customer category	FMCG brand owner primarily engage in food products and beverage
Implementation period	December 2021
Subscription fee	Around RMB4.9 million
Customer's requirements/ our responsibilities	<ul style="list-style-type: none">• Customer had a number of independent data sources of its offline retail stores, which needed to be classified and sorted, and we were responsible for establishing a database of offline retail stores and verifying the authenticity of the data, which could enable the distributors of Customer to accurately allocate resources based on different channel categories, such as stores, bars, karaoke boxes, cinemas, Internet cafe, tourist attractions, and demonstrate the latest activity of these offline retail stores.• Using the functions of <i>Site DNA</i>, we were responsible for creating a unified data tags system encompassing the surrounding facilities of offline retail stores.• We were also responsible for constructing a database of surrounding consumer group portraits, including consumers' consumption power, and details of relevant offline retail stores, including tier of the cities where they are located in, the popularity of the business circle and the in-store information, and continuously improve the data accuracy in such database.

Our major work steps	<ol style="list-style-type: none">(1) We first classified and sorted a number of independent data sources of offline retail stores provided by Customer. Meanwhile, we customised <i>Site DNA</i> to include data tag system which meets Customer's requirements. Such unified data tag system encompassed surrounding facilities of offline retail stores as well. Then, we tagged raw data of offline retail stores with different channel category data tags, such as stores, bars, karaoke boxes, cinemas, Internet cafe, tourist attractions.(2) After classification, sorting and tagging, such data comprised a database with consistent data tags. Meanwhile, using filtering functions of <i>Site DNA</i>, Customer can obtain analysis of the offline retail stores, including market demographics, sales performance and purchasing power of surrounding population.
Stakeholders involved	<p><i>Customer</i> — Brand owner</p> <p><i>Points of sale</i> — Data of over 6 million of offline retail stores had been verified, unified and consolidated into over 3.7 million of offline retail stores</p>
Digitalised tools involved and their application	<p><i>Site DNA</i> (customised version) is a data analytics tool which analyses market demographics and sales performance of offline retail stores and purchasing power of surrounding population using AI algorithm and BI based on data asset provided by our customers and users.</p>
Achievements and assessment	<ul style="list-style-type: none">● We charged fixed service fees with reference to number of points of sale, the data of which had been included in the database. There was no performance indicator stated in the service agreement.● Data of over 6 million of offline retail stores that was originally scattered in Customer's different systems had been verified, unified and incorporated into our digitalised tool, the channel categories of the offline retail stores had been adjusted and the authentic activities of the underlying offline retail stores had been verified.● Completing the construction of a database containing data of over 3.7 million of offline retail stores

OUR TECHNOLOGIES

Our FMES platform contains digitalised tools with different functionalities and data assets accumulated from our provision of services over the years. We utilise our digitalised tools to manage data collected during our daily operations and transform them into valuable data assets, which in turn facilitate our business process. As such, our digitalised tools enable us to manage our business processes, which include formulating implementation plans, managing implementation processes and collecting, verifying, processing and analysing data to produce data analytics.

During our daily operations, we collect and process fragmented and unorganised first-hand information relating to (i) sales and marketing performance by our and third-party marketers (including attendance and task completion records); (ii) consumer behaviours and feedback; and (iii) sales and purchase transactions data. Our marketer pool comprises marketers with different backgrounds, experiences and skill sets. For FY2022, the number of average monthly active marketers was over 23,000, spreading across more than 320 cities in 31 provinces/municipalities in China. In order to effectively manage performance of our marketers when they implement our services at offline retail stores/sales and marketing activities, we use a task-based management system. Typical examples of tasks include sales and promotion, assisting in marketing campaigns, in-store merchandise display, stock inventory management and other daily operations. For FY2022, the total number of tasks completed during the Track Record Period was over 683,000, and we have achieved a completion rate for tasks (which is calculated by dividing total number of tasks completed by total number of tasks published) of over 72%. In view of such volume of data, we need a reliable and scalable platform to support our provision of effective sales and marketing services. In particular, *MiJob Square*, being one of our flagship digitalised tools, facilitates easy task application for marketers, while also facilitating remote management of marketers and monitoring of task performance and status for us.

Meanwhile, our tasks and marketers matching service utilises big data and AI technologies to generate and continuously improve matching recommendations of marketers with tasks. Since different tasks at offline retail stores in different areas, which may have different target consumer groups, consumers' behaviour and preference, merchandise variety, require marketers with different background, experience and skill sets, we believe we can enhance our ability in achieving better results (such as sales amount) using AI-generated matching recommendations.

Our FMES platform

Our provision of sales and marketing services is supported by our FMES platform, which contains digitalised tools with different functionalities covering the entire offline sales and marketing network and processes. Our digitalised tools are primarily designed for collecting data inputs and provided by customers and users when users utilise their functions, and such data is transmitted and retained as data assets on our FMES platform. These data assets, which may be collected from all of our digitalised tools, are then assigned with appropriate data tags, integrated and analysed using AI algorithms and BI and then labelled, customised and presented in a meaningful way to facilitate our customers in making data-driven strategic planning, implementation and evaluation. As at the Latest Practicable Date, we had eight major digitalised

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tools on our FMES platform, including *BrandKEY*, *Channel Station*, *Touchkit*, *Remotes*, *SMV*, *Site DNA*, *MiJob Square* and *eHR*. Main functions and details of our major digitalised tools are set out in the following table:

Our digitalised tools	Main functions	Launch year
<i>BrandKEY</i> 	<p>Integrated offline commerce management platform</p> <p><i>BrandKEY</i> contains tools that help manage offline operations, including organisational and agency management, budget and resources management, project implementation and performance evaluation, document control. It is an open platform that can be connected to other systems or software. As such, it enables systemisation of data collected from different parties or extracted from various software and maximises the accessibility and sharing of data and information.</p>	2017
<i>Channel Station</i> 	<p>Integrated digitalised storefront</p> <p>Focusing on connecting distributors and offline retail stores, our customers can arrange their distributors to set up their digitalised storefronts using <i>Channel Station</i> to display merchandise and release marketing events and promotions, while point of sale users can place orders directly with distributor users, by digitalising the order placing processes.</p>	2021
<i>Touchkit</i> 	<p>Integrated tasks management platform</p> <p>Focusing on connecting our customers with marketers who are dispersedly located in China. Via <i>Touchkit</i>, our customers can (i) publish and manage marketing tasks, such as assisting with sales and marketing campaigns, in-store merchandise display, stock inventory management and other daily operations; (ii) timely manage and supervise marketers and their performance and provides intelligent matching recommendations of marketers with marketing tasks based on our data assets; and (iii) manage and oversee relevant offline retail stores and their sales performance.</p>	2019
<i>Remotes</i> 	<p>Sales and marketing project management tool</p> <p><i>Remotes</i> primarily caters for the collaboration between us and our customers and their service providers in the management of implementation of our customised marketing solution and is used for publishing tasks. It contains a set of integrated tools for real-time project management, tasks publication and management and internal communications.</p>	2013
<i>SMV</i> 	<p>On-site visit task tool</p> <p>Principally designed to help cross-check the effectiveness of sales and marketing projects, <i>SMV</i> is used for identifying red flags of offline retail stores. Our customers can use <i>SMV</i> to arrange scheduled on-site visits at designated offline retail stores and report any red flags. Main functions of <i>SMV</i> also include submission of feedback of on-site visit tasks and management of such tasks.</p>	2020

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Our digitalised tools	Main functions	Launch year
<i>MiJob Square</i> 	Public connector of marketers As the public connector facing marketers, <i>MiJob Square</i> is a WeChat Official Account on which users can apply for tasks published by our customers via <i>Touchkit</i> or <i>Remotes</i> and conveniently revert task completion and other feedback to our customers.	2013
<i>Site DNA</i> 	Offline retail stores analytics tool Data analytics tool which enables data-driven decision-making through analysing sales performance of offline retail stores and spending power of surrounding population using AI algorithm and BI using our database, which encompasses data assets provided by our customers and data transmitted through FMES platform, as well as “Offline Retail Stores Digital Evaluation and Sales Performance Index” Feature Library (「終端數字化評估與賣力指數」特徵庫) jointly developed by us and Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC.	2021
<i>eHR</i> 	Digital employment contract and human resources management tool Digital employment contract and human resources management tool primarily helps minimise human resources-related manual work to reduce chances of clerical errors and administrative effort and enables us to continuously manage the employment records of staff. Main features of <i>eHR</i> include user identity verification, automatically generated digital employment contracts and a wide range of human resources management functions, such as calculating and maintaining records of payment of salaries and benefits.	2019

Apart from the major digitalised tools listed above, we have three additional digitalised tools that are ancillary in nature, namely *Lucky Radar*, *One Shop One Code* and *Star Authenticity Verification*.

Our research and development

Our FMES platform represents the lifeblood of our business. Recognising that technology and the internet are transforming offline commerce and in response to the challenges that our customers were experiencing as a result of ineffective connection, postponed feedback and incohesive sales and marketing initiatives when working with traditional offline sales and marketing agencies, we started to digitalise our business process in 2012. Benefitting from the digitalisation budgets of our market-leading customers, we launched *Remotes* and *MiJob Square* in 2013, which comprises part of our FMES platform. Since then, in order to cater for our customers’ evolving sales and marketing needs and help our customers optimise their offline retail processes, we have continued to expand the functionalities of our digitalised tools to provide technological support to our service offerings. During the Track Record Period and up to the Latest Practicable Date, we have launched over 1,000 updates or new features that cater to the evolving needs of our customers, for example (i) *Touchkit* has upgraded its business weekly report (sales side) to enable our customers to review sales performance of their offline retail stores in a timely manner; (ii) *Channel Station* has included new functions to (a) hide discontinued products; and (b) automatically review application for displaying new products; (iii) *MiJob Square* has included a new function to enable signing of digital contracts with marketers and to classify tasks. During each year of the Track Record Period, we incurred R&D expenses of RMB11.7 million, RMB12.2 million and RMB25.0 million, representing 2.8%, 2.9% and 4.0% of our revenue, respectively.

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We attach great importance to product R&D and technological advancement. Currently, we have R&D teams in Shanghai, Beijing, Guangzhou and Dalian. We have also established a strategic cooperation relationship with Baidu Smart Cloud (百度智能雲), a leading AI company based in the PRC, under which Baidu Smart Cloud uses its AI, big data and cloud computing and other technologies to assist us in the construction of digitalised sales and marketing platforms and to jointly build a “SaaS+ offline digitalised marketing” business model with us, with a view to increasingly create value for brand owners and distributors. Furthermore, Baidu Smart Cloud provides its AI technology to assist us in the development of “Offline Retail Stores Digital Evaluation and Sales Performance Index” Feature Library (「終端數字化評估與賣力指數」特徵庫). Such Feature Library represents a digital database containing information on evaluation, historical sales performance and potential market size of offline retail stores. Based on such Feature Library and facing the consumer goods brands in the PRC domestic market, it is expected to realise digital transformation of retail outlets, number of visits and display/sales and marketing/writing-off of mutual customers of Baidu Smart Cloud and us, and to ultimately promote growth in both sales and profit of consumer goods brand owner customers. Currently, such Feature Library forms part of our database, a data analytics tool to help our customers grasp the demographics and spending power of target consumer groups that our network covers in China. Pursuant to the cooperation agreement with our strategic partner, any data or information collected as the result of the cooperation shall be kept confidential. Furthermore, we signed an industry-university-research strategic cooperation agreement with the School of Economics and Management of Dalian University of Technology for a period of three years from 2021, which can be automatically renewed for another three years. This cooperation enables us to form a research and consulting team with the university and build on academic research strengths. In addition, the university may provide training courses to enhance our staff’s technical knowledge and research ability. On the other hand, we provide internship and graduate opportunities to students of the university. Meanwhile, the university may, according to its needs, engage our technicians and management who have business and practical experience as internship instructors.

As at the Latest Practicable Date, our FMES platform and digitalised tools were premised and deployed on cloud service providers. In addition, our user data was stored in several virtual private clouds operated by cloud service providers, which were isolated clouds that are segregated from public cloud and hosted within a public cloud environment and accessed exclusively by us for security purpose.

Premised on our reliable IT infrastructures, we have accumulated extensive experience in, and are dedicated to, researching and developing digitalised tools which support our provision of services using AI algorithm and big data technology, as well as observing data security and privacy. We invest heavily in our technology infrastructures, which is critical to allowing us to efficiently and effectively address the technical challenges associated with our business. Our R&D initiatives include:

- ongoing development of end-to-end and comprehensive services for offline commerce to cater for demands for SaaS+ subscription of brand owners, distributors, points of sale, marketers;
- in-depth research on sales and marketing services supported by digitalised tools in industry verticals, such as maternal and infant, traditional retail and catering industries;
- ongoing optimisation of algorithms and big data applications, such as a recommendation algorithm regarding points of sale, marketers and others, a matching algorithm, standardisation algorithm and an evaluation algorithm;

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- strengthened application of AI and BI technology, mainly including physical retail AI certification, new customer and user authentication, AI recognition and automatic assignment of data tags to points of sale and marketers and BI data-driven decision-making system;
- application of blockchain technology to online and offline business scenarios to ensure authenticity and trustworthiness of data and to realise the benefits of data and information sharing, while observing data privacy and security;
- based on the highly modular system component design ideas, develop a low-code R&D platform that can efficiently and effectively respond to our customers' needs in a cost-effectively manner; and
- improve our capacity to develop SaaS and platform-as-a-service (PaaS) and cooperate with external parties and developers to build a cloud-based sales and marketing platform.

As at 31 December 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and was headed by Mr. Cui Yanan, our technical controller, who had over 16 years of experience in technology development. For details on biography of our technical controller, see “Directors and Senior Management — Senior management” in this prospectus. We also vigorously cultivate computer engineering experts and data analysts through recruitment, promotion and training to further improve our technical advantages. Leveraging our strong R&D and technical enhancement capabilities, we have achieved recognised R&D results. As at the Latest Practicable Date, we had 84 software copyrights registered in the PRC which we consider to be material or may be material to our business.

Our R&D process has been continuously driven by the evolving market, demands from customers and users, and innovation from our management and R&D team. We encourage our employees to maintain close communications with our customers to understand their needs and provide our R&D team with autonomy and freedom to explore and develop new functionalities. After completing the project initiation and development stage, we conduct internal tests to resolve any major technological issues and bugs that may exist in the test version. After launch, we continuously monitor and analyse system performance and continue to optimise system functions and performance. We had not experienced any material service disruptions during the Track Record Period and up to the Latest Practicable Date.

OUR SERVICE NETWORK AND MARKETERS

Our Service Network

Our service network has an extensive coverage in terms of scale of customers, geographical locations and types of tasks. Most of our services, in particular customised marketing solution, tasks and marketers matching service and marketers assignment service, require marketers to assist in and attend to on-site implementation of our services. As at the Latest Practicable Date, we achieved coverage of more than 320 cities in 31 provinces/municipalities in China.

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The number of marketers who have registered for the use of our digitalised tool increased from over 331,400 as of 31 December 2020 to over 453,000 as of 31 December 2022, with the number of active marketers increased from over 21,900 as of 31 December 2020 to over 23,900 as of 31 December 2022. In the context of our business operations, we categorise our marketers into (i) employee marketers, who have employment relationship with us and are assigned to work for our customers under customised marketing solution or marketers assignment service; and (ii) third-party marketers, who do not have any employment or contractual relationship with us and are engaged in customised marketing solution or tasks and marketers matching service. As of 31 December 2022, we had (i) 4,399 employee marketers who worked for our customised marketing solution projects; and (ii) over 3,917 employee marketers who worked for our marketers assignment service projects.

Our strong and expanding marketer pool creates network effect that helps us expand our customer base, while the expansion of our customer base brings higher task volume. Such higher task volume allows us to motivate marketers to stay active with us and attract more marketers with diverse background and skill sets, which in turn strengthens our capability to match a more suitable marketer for a particular marketing task. Improved task matching capability enables us to enhance our service quality.

Relationship with employee marketers

Employee marketers refer to marketers having an employment relationship with us and are assigned to work for our customers under customised marketing solution or marketers assignment service. Each of the employee marketer is assigned to a designated project according to his/her working experiences and skill sets and thus, stations at a designated offline retail store, which allows continuity and consistency of such position. Generally, there is no overlapping service provided by our employee marketers as each of them is recruited for and assigned to a designated project. Their remuneration includes fixed monthly salaries, which are subject to actual attendance, and performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise.

We are responsible for calculating salaries and benefits (including social insurance and housing provident fund) of employee marketers according to their employment contract signed with us. Then, we submit the calculations to our customers for their approval. Upon customers' approval of the calculation, we are responsible for making payments of salaries and benefits to employee marketers. In some cases where we do not have a subsidiary established in a particular province or city, we may make contributions of social insurance and housing provident funds through third-party human resources agencies for those relevant employee marketers. For details, see "Risk Factors — Risks Relating to Our Business — We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may have an adverse impact on us." and "Business — Employees".

Although terms regarding specific job arrangements may vary case-by-case depending on the requirements of our customers, we generally adopt a standard employment contract with employee marketers to streamline the onboarding procedures and to allow efficient deployment. Depending on the nature of the positions and responsibilities, we may enter into confidentiality agreements, which safeguard our customers' interest and confidential information, and/or non-competition agreements, which prohibits the employee marketers to join our customers' competitors or engage in business similar to our customers during their employment period with us. With respect to employee marketers under customised marketing solution and marketers assignment service, we are entitled to terminate the employment of our employee marketers with written prior notice under circumstances specified in the contracts. With respect to employee marketers under marketers assignment service, our customers have the right to request for replacement of any employee marketers who fails to fulfil his/her responsibilities with due care or is incompetent at work.

Relationship with third-party marketers

Third-party marketers refer to marketers that do not have any employment or contractual relationship with us. We enter into service agreements with labour service suppliers, who engage marketers as their employees or contractors. We do not directly pay third-party marketers. Instead, we enter into service contracts with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Since third-party marketers do not have any employment relationship with us, they can choose whether or not to apply for tasks published on our platform. However, third-party marketers are required to abide by service standards as stated in the tasks once they have accepted the same. Our third-party marketers allow us to flexibly cope with our customers' ad-hoc service demands. During the Track Record Period, third-party marketers were primarily engaged in our customised marketing solution and tasks and marketers matching service projects. On a few occasions, we may engage third-party marketers in our marketers assignment service projects. Accordingly, third-party marketers providing overlapping services under different service types is possible.

Pursuant to our service agreements entered into with labour service suppliers which have the employment relationship with the third-party marketers, these labour service suppliers are required to enter into employment contracts with third-party marketers and make social insurance and housing provident funds contribution and are liable for (i) any property or other damage caused to the offline retail stores; (ii) any personal injury or property loss to our customers or any third parties; and (iii) any disputes between labour service providers and third-party marketers, including but not limited to labour disputes, work-related injury disputes, social insurance disputes and wage disputes.

On the other hand, pursuant to our service agreements entered into with labour service suppliers which have non-employment contractual relationship with the third-party marketers, these labour service suppliers are required to settle service fees and declare relevant tax for the third-party marketers. Since our contracts with labour service suppliers which have such non-employment contractual relationships with the third-party marketers are silent on matters relating to any loss of life, injury or property damage caused by the third-party marketers while they are working for our customers under our assignment, we could be subject to the risks in respect of the same. Given such third-party marketers have no direct employment or contractual relationship with us, as advised by our PRC Legal Adviser, we are not liable to third-party marketers if the labour service providers fail to fulfil their duties to these third-party marketers. However, since the third-party marketers generally work at the premises designated by our customers, despite the fact that we do not have any direct employment or contractual relationship with these third-party marketers, if the third-party marketers cause any loss of life, injury or property damage while working for our customers, we may be subject to legal or financial liability because, in practice, depending on the particular circumstances of each case, our Company may be found by the court to be liable under the PRC laws for any direct or indirect action or inaction of our Company contributing to any loss of life, injury or property damage (such as the Company being at fault in giving directions, in selecting appropriate third-party marketers, or in failing to provide adequate advice to them). In case any third-party marketer initiates a lawsuit, arbitration or claim against us, we may initiate a similar lawsuit, arbitration or claim against our customers or suppliers depending on the nature and background of such lawsuit, arbitration or claims. With a view to mitigating our risks exposures, we have established control measures to assess risks and determine whether to purchase insurances, such as third-party liability insurance, exhibition insurance, accident insurance, etc., for different projects having considered different customers' requirements and would generally require our labour service suppliers (i.e. suppliers which provide us with third-party marketers) to purchase such insurances. We only purchased insurance upon our customers' specific instructions during the Track Record Period and our Directors are of the view that such arrangement is in line with the market standard. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claims made by or for third-party marketers in relation to loss of life, injury or property damage while they were working for our customers under our assignment.

Marketer management

Assigning a suitable marketer to tasks

We select and assign suitable marketers to different projects after having considered a number of factors, including, among others, the nature of our services, customers' demands, coverage and risk control. In light of our control of employee marketers, we assign employee marketers to designated customised marketing solution or marketers assignment service projects and they would station at designated offline retail stores, thereby providing stable workforce for our customers. We believe our employee marketers could better and more comprehensively serve our long-term projects. On the other hand, due to the flexibility of third-party marketers, we assign them to certain customised marketing solution projects which do not require stable workforce and tasks and marketers matching service projects. As we do not have any employment relationship with third-party marketers, their service fees are calculated based on number of completed tasks and we are not required to pay for their ongoing base salary or other employment-related benefits. Accordingly, cost of third-party marketers is generally lower than that of employee marketers.

Daily management of marketers

We manage large amount of marketers who are dispersedly located in more than 320 cities in 31 provinces/municipalities in China, as well as process in our daily operations fragmented and unorganised first-hand sales-related and consumer-related information input by marketers. In order to efficiently manage and monitor the performance of marketers and effectively process data in daily operations, we rely on our digitalised tool, namely *MiJob Square*, and task-based management system. *MiJob Square* is a platform on which marketers can apply for tasks and revert task completion and other feedbacks. Each marketer is required to undergo a personal identity verification, including uploading self-portrait and other identification details, and screening process before becoming a user on our platform and abide by our service standards. Marketers can access a list of available tasks and apply for any suitable tasks. Typical examples of tasks include sales and promotion, assisting in marketing campaigns to interact with and/or attract new potential consumers, in-store merchandise display, stock inventory management and other daily operations. The application for tasks is subject to our customers' approval and successful marketers will be led to a digital contract signing site. Having taken up the task, marketers are required to report their work progress using *MiJob Square*. For example, they are required to upload a self-portrait when they arrive at work and input performance-related data, such as units of merchandise sold, units of promotional gifts distributed, amount of stock inventory and number of display shelves organised, with photos taken using built-in camera function of *MiJob Square* as supporting evidence. The built-in camera function ensures photos submitted as supporting evidence would not be edited by third-party marketers.

Managing performance of marketers

In order to monitor and incentivise our marketers, their remuneration (in the form of salaries for employee marketers, and service fees stated in tasks for third-party marketers) includes, among others, performance-based commissions which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise. With respect to employee marketers, we are entitled to terminate our employment with them if he/she (i) does not meet the employment conditions during the probationary period, including but not limited to failing training assessment; (ii) is absent from work for 3 consecutive days or 5 days in total; (iii) falsely reports sales data or falsely reports work records such as attendance; or (iv) commits any other serious violation of our internal rules and regulations. Meanwhile, for employee marketers under marketers assignment service, we have no control/discretion over the daily performance of the employee marketers. Although the services provided by us under marketers assignment service, such as recommendations on recruitment and trainings,

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may indirectly affect the performance of employee marketers, and therefore sales performance, and in turn our performance-based revenue, such services are only provided upon customer's approval and major decisions in relation to the employment, level of salaries, daily performance and work schedule and dismissal of the employee marketers are generally made by our customers. If our customers consider that any employee marketer assigned by us being unsatisfactory, our customers have the right to request for replacement and we are responsible for providing suitable candidates for our customer as replacement.

Performance of marketers can be adversely affected by a number of factors, such as aptitude, skill level, motivation level of tasks and remuneration, or role perceptions, some of which may be beyond our control. In order to minimise our exposure to the risks, we have adopted the following measures:

- (i) marketers are selected with reference to historical performance of marketers at particular offline retail stores, such data of which is tagged against to particular marketer and has been accumulated from our provision of services over the years; and
- (ii) we collect data on sales performance of the offline retail stores and based on the data collected, we continuously monitor whether our customers' sales target(s) (or other performance indicator(s)) could be achieved. In case the sales performance (or other performance indicators) falls short of our customers' expectations, we could proactively adjust the allocation of marketers with the aim to achieving the sales target(s) (or other performance indicator(s)) before the end of the contract/project terms.

Marketer care

We value the personal development of marketers and assist them to improve and broaden their skill sets. We provide marketers with training videos and follow-up quizzes, so that he/she can have a better picture on how to satisfactorily fulfil their task duties and our customers' expectations. Also, *MiJob Square* assists marketers in managing their own schedules, such as requesting for change of duty, overtime work and leave. Last but not least, marketers may personalise his/her account with respect to industry (such as personal care, food and beverage and internet and technology industry), task nature and geographical location for performance of the tasks.

We place emphasis on promoting corporate social responsibility and sustainable development and integrate it into all major aspects of our business operations. We have put in place the occupational health and safety of our employees and held ourselves responsible for preventing occupational injuries. We value marketers as well as customers and endeavour to build a friendly and sustainable environment for marketers. We enhance marketer satisfaction with their working conditions through improved marketer care focusing on safety and welfare.

To ensure occupational health and safety of our marketers while they work outdoor or on-site and participate in other special activities, we have implemented safety management system and safety precautions and enter into safety agreements with our customers and/or suppliers to set out clearly the safety responsibilities and bearing of liabilities during the performance of the contract. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents, claims for personal or property damage or compensation to employees and we did not experience any material non-compliance of health and work safety.

OUR CUSTOMERS

Overview

Leveraging our proven track record and service quality, we have acquired a positive market reputation for providing our services and accumulated a solid customer base. For FY2020, FY2021 and FY2022, we had a total of 57, 59 and 166 customers, respectively, including brand owners and distributors and a majority of them engage in the FMCG industry, such as daily commodities, food products and beverage and consumer electronics. If an offline retail operation involves a large number of broadly dispersed offline retail stores and marketers, brand owners (i.e. refer to those who own the intellectual property rights or brand labels of the merchandise, who may be a manufacturer or retailer) and distributors (i.e. those who buy merchandise from brand owners and sell the merchandise to offline retail stores) might find it expensive to deploy sufficient marketers and time-consuming to monitor and assess the performance of each and every offline retail store and marketer using traditional methods. Therefore, brand owners and distributors engage us to provide on-site sales and marketing solutions and implement sales and marketing activities which are mainly carried out at offline retail stores.

According to the Frost & Sullivan Report, brand owners own the proprietorship of the merchandises and sell their merchandises to distributors (i.e. wholesalers and/or retailers), whereas distributors purchase merchandise from brand owners directly and usually on-sell to their downstream distributing channels (i.e. retailers) and/or end-customers. The aims, scale, and methods of the marketing campaigns of brand owners and distributors differ. While the marketing campaign of brand owners mainly focuses on brand building and education of products at brand level and a national level which may in turn indirectly facilitate sales of merchandise through distributors, distributors mainly focus on increasing sales directly through carrying out marketing activities in their respective sales region and stores.

Although distributors may conduct marketing campaigns directly from time to time, distributors may not be able to conduct sales and marketing activities as efficiently and effectively as we do, due to the following inherent differences between us and distributors: (i) we are specialised and experienced in providing sales and marketing services over years of conducting marketing campaigns for various market-leading FMCG brand owners, while distributors specialise in distributing products and may not possess our expertise in sales and marketing services; (ii) we have a large pool of marketers and is capable of assigning a large number of marketers at the same time for marketing activities, while distributors may have limited number of personnel in conducting sales and marketing activities; and (iii) we set up venue and source event material for sales and marketing campaigns as part of our services, while distributors normally do not engage in providing such services. Accordingly, our Directors believe that given the business nature of our Group and distributors of brand owners are different, the extent of competition between us and distributors is limited. This also explains why our customer portfolio also includes distributors who engage us for our marketing services.

Furthermore, generally, brand owners require consistent marketing strategies for their merchandise across different regions served by different distributors. Therefore, for consistency in implementing marketing strategies, brand owners may engage a single or a few sales and marketing service providers to manage their marketing strategies in different regions, instead of engaging a number of distributors that are scattered across various regions.

A majority of our brand owner customers and top five customers in each year of the Track Record Period are Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence. For FY2022, we had 32 market-leading customers, including most of our top five customers in each year of the Track Record Period and some other customers.

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Terms of our customer service agreements

During the Track Record Period, we generally entered into framework agreements or fixed-term agreements with our customers. Our customised marketing solution and marketers assignment service projects awarded to us were typically on an as-needed basis. During the Track Record Period, there was no material breach of any of the service agreements entered into with our customers. The following table provides a general summary of the terms of the service agreements entered into with our customers in respect of different services provided by us:

	Customised marketing solution	Tasks and marketers matching service	Marketers assignment service	SaaS+ subscription
Range of term	In general, we enter into framework agreements with our customers. When our customers have the actual need for customised marketing solution, our customers would place purchase order and/or enter into separate project agreements with us. Framework agreements have a term which ranged from one year to two years, while the events/projects under the purchase orders/single project agreements have varied duration, ranging from three days to over one year during the Track Record Period.	In general, we enter into fixed-term agreements with our customers, the term of which ranged from less than a month to three years during the Track Record Period.	In general, we enter into fixed-term agreements with our customers, the term of which ranged from two months to three years during the Track Record Period. We may also enter into framework agreements with our customers.	In general, we enter into fixed-term agreements with our customers with terms varied depending on whether customisation is needed. During the Track Record Period, our SaaS+ subscription agreements had terms ranged from one week to two years.
Major components of our fees	Fixed service fees	(i) Performance-based fees; and/or (ii) Fixed fees including service and/or system fees	(i) Fixed service fees; and (ii) Employee marketers' salaries, benefits and disbursements as reimbursements to us	Fixed service and/or subscription fee
Billing arrangement	Project basis (after project completion or based on project milestone)	Monthly basis	Monthly basis	Project basis (after project completion or based on project milestone)
Credit term	6–186 days	0–170 days	7–180 days	30–120 days
IP rights ownership	Our customers	Our customers	Our customers	Our customers
Confidentiality	Yes	Yes	Yes	Yes

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Exclusivity

Generally, we are not subject to any exclusivity in our provision of services. Nonetheless, during the Track Record Period, there were a few projects under which we may be subject to exclusivity during the contract period and are prohibited to provide similar services to competitors of our customers.

Termination clause

Generally, our agreements with customers may be terminated by us or our customers by prior written notice pursuant to the terms stipulated in the relevant agreement.

IP rights ownership

During the Track Record Period, we did not enter into any licence agreement in relation to the IP rights owned by our customers. In general, our customers agree that we may use their IP rights within the scope of the performance of our service agreements with them reasonably and appropriately. In case SaaS+ subscription involves digitalised tools specially designed and customised by us for our customers, the copyright and all legal rights of the digitalised tools, including but not limited to any data, reports, results and any content therein, exclusively belong to our customers.

Confidentiality

For data and IP rights provided to us by our customers during our provision of services, such as business operational data, financial data and consumer contact details, we are contractually bound to use the customer data exclusively for the provision of our services while keeping such customer data confidential and not to disclose such data to any third parties. Upon completion of projects with our customers, we return all documents, data and software containing such confidential information or delete such data pursuant to our customers' instructions. Such confidentiality obligations exclude (a) public information at the time of disclosure; (b) data for which we have access before disclosure to us by our customers; and (c) any disclosure of such confidential information pursuant to applicable laws, if before such disclosure, we have informed our customers in writing the confidential information to be disclosed and the relevant circumstances.

Our top five customers

During the Track Record Period, our top five customers include brand owners engaging in the FMCG industry, such as daily commodities, food products and beverage and consumer electronics. For each year during the Track Record Period, revenue from our five largest customers amounted to RMB269.2 million, RMB250.4 million and RMB438.7 million, representing 65.2%, 60.2% and 71.0% of our total revenue, respectively. For each year during the Track Record Period, our revenue from our largest customer amounted to RMB71.2 million, RMB81.2 million and RMB166.8 million, representing 17.2%, 19.5% and 27.0% of our total revenue, respectively. As we derived a significant portion of our revenue from our top five customers in each year of the Track Record Period, we are exposed to the risk of concentration of our major customers. For details, see “Business — Our customers — Customer concentration” and “Risk Factors — We derived a significant portion of our revenue from our major customers and we are exposed to the risk of concentration of our major customers during the Track Record Period.” To the best knowledge of our Directors, none of our Directors, their close associates or our Shareholders who hold more than 5% of our issued share capital had any interest in our five largest customers (including their respective ultimate shareholders).

BUSINESS

For the year ended 31 December 2020

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB'000	% of total revenue %
1	Customer B	Customised marketing solution and marketers assignment service	<p>Customer B is a group of PRC entities primarily engaging in sales of daily commodities (including personal health care, oral care, textile care and home care).</p> <p>The parent company of Customer B is a global leader in the FMCG industry focused on providing branded consumer packaged goods in approximately 180 countries and territories through online and offline channels. The shares of the parent company of Customer B are listed on the New York Stock Exchange with a net sales of around USD71.0 billion for FY2020. The market cap of which was USD359.2 billion as at 31 December 2022.</p>	2008	75–120 days	Bank transfer	71,187	17.2
2	Customer E	Customised marketing solution	<p>Customer E is a private PRC entity primarily engaging in the arrangement of large-scale promotional events for its clients regarding a variety of products (such as consumer electronics, cosmetics, daily necessities, etc.). It had a registered capital of RMB25.0 million.</p>	2015	126–186 days	Bank transfer	68,507	16.6
3	Customer C	Customised marketing solution	<p>Customer C is a private PRC-based multinational technology corporation. It is a global provider of information and communications technology (ICT) infrastructure and smart device, specialising in design, development and sales of consumer electronics (including smartphones, PCs, tablets, wearables, headphones, display monitors, routers and accessory products) and provision of mobile Internet services. The company within the customer's group which had the most frequent business relationship with us had a registered capital of RMB44.7 billion.</p>	2016	30 days	Bank transfer	61,838	15.0

BUSINESS

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB '000	% of total revenue %
4	Customer A	Customised marketing solution and marketers assignment service	<p>Customer A is a private PRC entity primarily engaging in sales of food products. It had a registered capital of USD91.5 million.</p> <p>The parent company of Customer A is a FMCG multinational corporation and the world's leading manufacturer of chocolate, chewing gum, mints and fruity confections. Such corporation specialises in the production confectionery, pet food and other food products.</p>	2009	120 days	Bank transfer	38,303	9.3
5	Customer F	Customised marketing solution, tasks and marketers matching service and marketers assignment service	<p>Customer F is a group of PRC entities primarily engaging in the sales of daily commodities and food products.</p> <p>The parent company of Customer F is a FMCG multinational corporation having over 400 brands in 190 countries. Its daily commodities and food products are categorised into (i) beauty & personal care (which primarily included sales of skin cleansing, hair care, skin care and deodorants categories); (ii) foods & refreshment (which primarily included sales of ice cream, savoury, dressings and tea categories); and (iii) home care (which primarily included sales of fabric category and a wide range of cleaning products). The shares of the parent company of Customer F are listed on the London Stock Exchange with a turnover of around EUR50.7 billion for FY2020. The market cap of which was USD127.5 billion as at 31 December 2022.</p>	2017	120 days	Bank transfer	29,335	7.1
Total:							<u>269,170</u>	<u>65.2</u>

BUSINESS

For the year ended 31 December 2021

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB '000	% of total revenue %
1	Customer B	Customised marketing solution and marketers assignment service	<p>Customer B is a group of PRC entities primarily engaging in sales of daily commodities (including personal health care, oral care, textile care and home care).</p> <p>The parent company of Customer B is a global leader in the FMCG industry focused on providing branded consumer packaged goods in approximately 180 countries and territories through online and offline channels. The shares of the parent company of Customer B are listed on the New York Stock Exchange with a net sales of around USD76.1 billion for FY2021. The market cap of which was USD359.2 billion as at 31 December 2022.</p>	2008	120–180 days	Bank transfer	81,235	19.5
2	Customer E	Customised marketing solution	<p>Customer E is a private PRC entity primarily engaging in the arrangement of large-scale promotional events for its clients regarding a variety of products (such as consumer electronics, cosmetics, daily necessities, etc.). It had a registered capital of RMB25.0 million.</p>	2015	186 days	Bank transfer	66,509	16.0
3	Customer G	Customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription	<p>Customer G is a PRC entity primarily engaging in the sales of daily commodities, focusing on products mostly made from natural or synthetic fibres using technologies in fibres, non-wovens and absorbency.</p> <p>The parent company of Customer G is a FMCG multinational corporation, which is a global leader in indispensable daily commodities (including personal health care products, household paper and consumer products) in more than 175 countries. The shares of the parent company of Customer G are listed on the New York Stock Exchange with a net sales of around USD19.4 billion for FY2021. The market cap of which was USD45.8 billion as at 31 December 2022.</p>	2016	90 days	Bank transfer	36,083	8.7

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Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB '000	% of total revenue %
4	Customer F	Customised marketing solution, tasks and marketers matching service and marketers assignment service	<p>Customer F is a group of PRC entities primarily engaging in the sales of daily commodities and food products.</p> <p>The parent company of Customer F is a FMCG multinational corporation having over 400 brands in 190 countries. Its daily commodities and food products are categorised into (i) beauty & personal care (which primarily included sales of skin cleansing, hair care, skin care and deodorants categories); (ii) foods & refreshment (which primarily included sales of ice cream, savoury, dressings and tea categories); and (iii) home care (which primarily included sales of fabric category and a wide range of cleaning products). The shares of the parent company of Customer F are listed on the London Stock Exchange with a turnover of around EUR52.4 billion for FY2021. The market cap of which was USD127.5 billion as at 31 December 2022.</p>	2017	120 days	Bank transfer	33,317	8.0
5	Customer H	Customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription	<p>Customer H is a group of PRC entities primarily engaging in the sales of food products (such as chips, nuts and other casual snacks) and beverage.</p> <p>The parent company of Customer H is a FMCG multinational corporation, which a global leader in convenient foods and beverages and its product portfolio includes a wide range of enjoyable foods and beverages, including many iconic brands that generate more than USD1 billion each in estimated annual retail sales. The shares of the parent company of Customer H are listed on NASDAQ with a revenue of around USD79.5 billion for FY2021. The market cap of which was USD248.9 billion as at 31 December 2022.</p>	2013	60 days	Bank transfer	33,301	8.0
Total:							<u>250,445</u>	<u>60.2</u>

BUSINESS

For the year ended 31 December 2022

Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB '000	% of total revenue %
1	Customer D	Customised marketing solution, tasks and marketers matching service and marketers assignment service	Customer D is a group of PRC entities primarily engaging in the sales of infant products (including toys and dairy products). It had a registered capital of USD36.0 million. The parent company of Customer D is a subsidiary of an Asia-Pacific-based global investment firm based in PRC.	2014	90 days	Bank transfer	166,757	27.0
2	Customer A	Customised marketing solution, tasks and marketers matching service and marketers assignment service	Customer A is a private PRC entity primarily engaging in sales of food products. It had a registered capital of USD91.5 million. The parent company of Customer A is a FMCG multinational corporation and the world's leading manufacturer of chocolate, chewing gum, mints and fruity confections. Such corporation specialises in the production confectionery, pet food and other food products.	2009	120 days	Bank transfer	85,954	13.9
3	Customer B	Customised marketing solution, tasks and marketers matching service and marketers assignment service	Customer B is a group of PRC entities primarily engaging in sales of daily commodities (including personal health care, oral care, textile care and home care). The parent company of Customer B is a global leader in the FMCG industry focused on providing branded consumer packaged goods in approximately 180 countries and territories through online and offline channels. The shares of the parent company of Customer B are listed on the New York Stock Exchange with a net sales of around USD76.1 billion for FY2021. The market cap of which was USD359.2 billion as at 31 December 2022.	2008	120–180 days	Bank transfer	80,317	13.0

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Rank	Customer	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Revenue RMB '000	% of total revenue %
4	Customer G	Customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription	Customer G is a PRC entity primarily engaging in the sales of daily commodities, focusing on products mostly made from natural or synthetic fibres using technologies in fibres, non-wovens and absorbency. The parent company of Customer G is a FMCG multinational corporation, which is a global leader in indispensable daily commodities (including personal health care products, household paper and consumer products) in more than 175 countries. The shares of the parent company of Customer G are listed on the New York Stock Exchange with a net sales of around USD19.4 billion for FY2021. The market cap of which was USD45.8 billion as at 31 December 2022.	2016	60-120 days	Bank transfer	57,591	9.3
5	Customer E	Customised marketing solution	Customer E is a private PRC entity primarily engaging in the arrangement of large-scale promotional events for its clients regarding a variety of products (such as consumer electronics, cosmetics, daily necessities, etc.). It had a registered capital of RMB25.0 million.	2015	186 days	Bank transfer	48,070	7.8
Total:							438,689	71.0

Customer concentration

A significant portion of our revenue was derived from a limited number of major customers during the Track Record Period. For each year during the Track Record Period, the revenue derived from our top five customers contributed to RMB269.2 million, RMB250.4 million and RMB438.7 million, representing 65.2%, 60.2% and 71.0% of our total revenue, respectively.

Established relationship with major customers

During the Track Record Period and up to the Latest Practicable Date, all of our major customers have entered into framework or long-term agreements with terms not less than one year with us. During the term of such framework agreements, our major customers may place purchase orders and/or enter into separate project agreements with us on an as-needed basis. As such, our major customers are not obliged to continue to engage us in subsequent projects on terms favourable to us and/or at a level comparable to the past or at all. There is no guarantee that we will be able to maintain our current business relationship with

BUSINESS

our major customers in the future. Our Directors consider that the entering of such framework or long-term agreements demonstrated the mutual and well established relationship with our major customers, most of which are multinational FMCG brand owners. Especially multinational brand owners, these large enterprises normally adopt strict and multiple criteria supplier selection procedures because they attempt to concentrate and specialise on their core competencies, and they are willing to establish a long-term business relationship with their qualified suppliers.

As of the Latest Practicable Date, we have maintained a business relationship of five to 14 years with each of our top five customers, details of which are set out in “Business — Our customers — Our top five customers”. To the best knowledge of our Directors, all of our top five customers in the Track Record Period are Independent Third Parties. Over the past years, we have endeavoured to accommodate our major customers’ demands, gaining their satisfaction in our services and thus, resulting in them being our major customers. To the best knowledge, information and belief of our Directors, we understand that our major customers were in general satisfied with our services, and we do not foresee any material change in the business relationships between us and our major customers in the foreseeable future. We also strive to communicate regularly with our customers to obtain feedback on our services so that we can continuously improve our services and the results that can be achieved through our services.

Our Directors confirmed that we had not breached any terms of any framework agreement, confirmed purchase orders or project agreements which would have any material adverse impact on our relationship with any of our top five customers in each year of the Track Record Period or breached any terms which would result in the termination of any framework agreement, confirmed purchase orders or project agreements between us and our five largest customers during the Track Record Period. Moreover, there had been no material adverse change in business relationship with major customers during the Track Record Period and up to the Latest Practicable Date. As of 31 December 2022, we had maintained business relationship with seven out of eight top five customers for the Track Record Period. We ceased business relationship with Customer C after the expiration of our last contract with them in March 2022 mainly due to commercial reasons and was in line with our credit risks control and strategies. For further details, see sub-paragraph “Measures to maintain stable and sustainable business relationship with our customers” below.

Industry landscape

According to the Frost & Sullivan Report, it is not uncommon for retail sales and marketing service providers to have a relatively large portion of their revenue contributed by a few customers, especially for service providers who mainly serve large-sized enterprises, and thus, the Group’s customer concentration is in line with industry norm. As advised by Frost & Sullivan, it is mainly because large-sized enterprises are often resource-rich and they incline to relatively larger investment on digitalisation in order to achieve operational efficiency and consumer insights. In addition, these large-sized enterprises, which normally possess many subsidiaries, would internally share, and refer qualified suppliers’ information among themselves. As a result, as compared with retail support service providers which focus on small-medium-sized enterprises, those which focus on large-sized enterprises would have a relatively higher customer concentration rate because they generate revenue from group companies from such kind of large-sized enterprises. Based on the aforementioned and the industry experience of our executive Directors, our Directors consider that customer concentration is not uncommon in our industry and the risk of customer reliance is not specific to us.

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Measures taken to mitigate our concentration risks

Given our established business relationship with our major customers as aforementioned, our Directors do not expect our major customers will materially reduce the amounts of purchase from us. Moreover, leveraging our sales and marketing efforts to seize new business opportunities and our strong customer base, our Directors consider that if we were to lose any major customer in the future, any adverse impact on our financial performance would not be expected to be permanent. We have taken several measures to mitigate our concentration risks, which include:

1. To retain our customers, over the years, we have endeavoured to accommodate our customers' demands to gain their satisfaction. We also strive to communicate regularly with our customers to obtain feedbacks on our services so that we can continue to improve our services and the results. Our continuous effort to retain existing customers has been proven to be effective as demonstrated by our established relationships with our major customers to date.
2. We have made consistent effort in diversifying and strengthening our customer base. For instance, we procured 18, 22 and 128 new customers for FY2020, FY2021 and FY2022 which contributed revenue of RMB14.4 million, RMB12.8 million and RMB14.3 million, representing 3.5%, 3.1% and 2.3% of our total revenue, for the same periods, respectively. In addition, as a majority of our major customers during the Track Record Period were brand owner customers, we have strived to increase our distributor customer base. Number of distributor customers increased from 14 for FY2020 to 127 for FY2022. Initially, with an aim to enhance sales of products through digital channels, certain of our brand owner customers have paid the subscription fees of our digitalised tool(s) for use by distributors. Hence, these distributors were not engaged as our customers at the outset. Subsequently, due to more specific needs of the respective distributors, they proceeded to directly engage us in the capacity of distributor customers (i.e. paying us subscription fees for our digitalised tool(s)) under our SaaS+ subscription), so as to satisfy their individual customisation needs. Therefore, our Directors expect that we would be able to reduce our reliance on brand owner customers and diversify our customer base by procuring more distributor customers. It is also one of our growth strategies to strengthen and expand our customer base, further details of which are set out in "Business — Our growth strategies — Raise awareness of our brand and increase market share".
3. During the Track Record Period, we primarily marketed our services through our direct sales force and other sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. We believe that our efforts to market our brand will help us expand our customer base and increase our revenue. In particular, as a result of our consistent effort in diversifying our customer base, we have entered into a service agreement in relation to the provision of tasks and marketers matching service to promote and implement sales and marketing initiatives for instalment loan products offered by a financial services corporation.

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Measures to maintain stable and sustainable business relationship with our customers

We maintained a good business relationship with all of our top five customers and did not have any disputes with any of them during the Track Record Period. Nonetheless, we ceased business relationship with Customer C.

After the expiration of our last contract with Customer C in March 2022, we did not renew any existing contract or enter into any new contract with Customer C, mainly due to commercial reasons in line with our credit risks control and strategies. As at 31 December 2022, we did not have any material outstanding trade receivables due from Customer C. Save for Customer C, as of 31 December 2022, we had maintained business relationships with our other top five customers in each year of the Track Record Period. We have adopted various measures to strengthen business relationships with our customers, which includes conducting regular communications with our customers to learn about their evolving needs and improving our services and diversifying our service offerings based on their constructive feedbacks, such as launching new features of digitalised tools. Meanwhile, in order to enable us to continue to enhance our service offerings, we have kept building up our data analytics capability, thereby enabling our customers to accurately identify target offline retail stores and consumers, as well as enabling us to improve matching recommendations of marketers with tasks, and thus, improving the marketing effectiveness of our services.

OUR SUPPLIERS

Overview

Our suppliers mainly include labour service providers (which provide third-party marketers), event consumables suppliers, human resources agencies (which provide payment services of social insurance and housing provident funds) and related IT service providers. To ensure quality of and reasonableness of the prices of the services and materials and reasonableness of payment term, we only procure from our approved suppliers and we conduct annual review of our approved suppliers. We have established procedures of management of selection of the suppliers, which requires that, for the selection of third party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholdings' structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has obtained necessary approval or permits.

During the Track Record Period, we did not experience any material disruption to our business as a result of any significant shortage or delay in supply of the services or material we sourced from our suppliers.

In general, we do not enter into long-term agreements with our suppliers. Our agreements with our suppliers are generally with terms of no more than one year, subject to renewal. Our agreements with our suppliers generally include Anti-commercial Bribery clauses and do not allow either party to terminate without cause. To the best of our knowledge, we have not breached any of our agreements with our suppliers.

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Our top five suppliers

During the Track Record Period, our top five suppliers include labour service providers and event consumables suppliers. Our cost of purchases were recognised in cost of services, administrative expenses, research and development expenses and selling and marketing expenses respectively. For each year during the Track Record Period, our purchases from our five largest suppliers amounted to RMB149.5 million, RMB156.4 million and RMB121.5 million, representing 60.6%, 58.1% and 48.3% of our total purchases for the same periods, respectively. For each year during the Track Record Period, our purchases from our largest supplier, being a labour service provider, amounted to RMB90.8 million, RMB50.0 million and RMB43.2 million, representing 36.8%, 18.6% and 17.2% of our total purchases, respectively. The gradual decrease in purchase from our largest supplier for FY2020, FY2021 and FY2022 was in line with our strategies to reduce reliance on one single supplier by procuring other suppliers which can offer similar services.

To the best knowledge of our Directors, none of our Directors, their close associates or our Shareholders who hold more than 5% of our issued share capital had any interest in our five largest suppliers (including their respective ultimate shareholders).

For the year ended 31 December 2020

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB '000	% of total purchase %
1	Supplier A	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Anhui Province, founded in 2016	2018	30 days	Bank transfer	90,816	36.8
2	Supplier B	Provision of event consumables related services	A private marketing planning service provider with a registered capital of RMB10.0 million based in Shanghai, founded in 2005	2018	Seven working days	Bank transfer	31,253	12.6
3	Supplier F	Provision of labour services	A private marketing planning service provider with a registered capital of RMB10.0 million based in Fujian Province, founded in 2019	2019	30 days	Bank transfer	15,955	6.5
4	Supplier C	Provision of event consumables related services	A private exhibition display service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2014	2018	60 days	Bank transfer	7,921	3.2
5	Supplier G	Provision of labour services	A private human resources service provider with a registered capital of RMB10.0 million based in Anhui Province, founded in 2020	2020	30 days	Bank transfer	3,589	1.5
Total:							149,534	60.6

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For the year ended 31 December 2021

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB '000	% of total purchase %
1	Supplier A	Provision of labour services	A private human resources management service provider with a registered capital of RMB5.0 million based in Anhui Province, founded in 2016	2018	30 days	Bank transfer	50,002	18.6
2	Supplier H	Provision of labour services	A private human resources service provider with a registered capital of RMB1.0 million based in Jiangxi Province, founded in 2020	2020	30 days	Bank transfer	40,726	15.1
3	Supplier I	Provision of labour services	A private supply chain management service provider with a registered capital of RMB50.0 million based in Fujian Province, founded in 2019	2020	30 days	Bank transfer	38,408	14.3
4	Supplier J	Provision of labour services	A private human resources service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	30 days	Bank transfer	18,279	6.8
5	Supplier K	Provision of event consumables related services	A private architectural decoration service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2011	2020	60 days	Bank transfer	8,956	3.3
Total:							156,371	58.1

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For the year ended 31 December 2022

Rank	Supplier	Services provided	Background	Commencement of business relationship	Credit terms	Payment method	Purchase RMB'000	% of total purchase %
1	Supplier J	Provision of labour services	A private human resources service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	30 days	Bank transfer	43,219	17.2
2	Supplier H	Provision of labour services	A private human resources service provider with a registered capital of RMB1.0 million based in Jiangxi Province, founded in 2020	2020	30 days	Bank transfer	32,763	13.0
3	Supplier P	Provision of labour services	A private information technology consulting services with a registered capital of RMB2.0 million based in Jiangxi Province, founded in 2021	2021	5 days	Bank transfer	21,346	8.5
4	Supplier O	Provision of labour services	A private marketing planning service provider with a registered capital of RMB5.0 million based in Hunan Province, founded in 2020	2021	3 days	Bank transfer	18,396	7.3
5	Supplier C	Provision of event consumables related services	A private exhibition display service provider with a registered capital of RMB500,000 based in Shanghai, founded in 2014	2018	60 days	Bank transfer	5,795	2.3
Total:							121,519	48.3

OUR SALES AND MARKETING

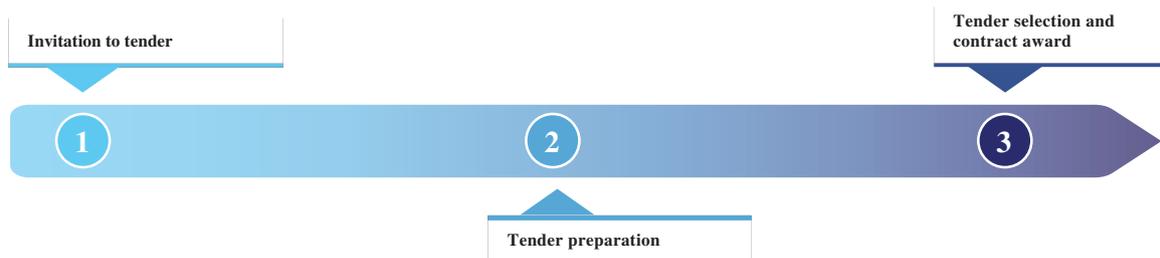
We have adopted a customer-centric sales approach. We focus on listening to and addressing the needs of customers, identifying challenges faced by our customers in different business scenarios and maintaining long-lasting business relationships.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. During the Track Record Period, we have utilised a multitude of marketing channels to market our services through our direct sales force and a number of free traffic sources, including customer referrals and word-of-mouth, while in the future, we may also market our services using channel partners. In particular, we were invited to give a presentation in an industry event organised by a leading AI company based in the PRC in October 2021 and together with Frost & Sullivan and LeadLeo issued the 2022 China Offline Digital Marketing White Paper (《2022年中國線下動銷數字化白皮書》) to analyse challenges and market opportunities of offline sales and marketing under the trend of digital transformation. For each year of the Track Record Period, we incurred selling and marketing expenses of RMB18.7 million, RMB20.8 million and RMB19.3 million, respectively.

We identify potential projects generally through invitations to provide quotation or competitive tender processes by existing and potential customers who are interested in our services. Further details on the tendering process and quotation invitation process are set out below.

Tendering process

Below flowchart sets out a summary of our tendering process:



Invitation to tender

In general, potential customers who need sales and marketing services would send us notifications containing brief project particulars such as nature, schedule and pre-qualification requirements which are a set of criteria for the potential customers to assess service providers' eligibility to tender. If we are interested in the project, we provide our business highlights and information on background, qualifications and financial information.

Tender preparation

When we receive a tender invitation, we gather information as required and prepare the tender document. During this stage, we obtain non-binding quotations from our service providers and suppliers of materials to facilitate our cost estimation and pricing decisions. We may analyse the scope of services using our digitalised tools and data assets so as to deliver a data-driven and cost-effective implementation plan and tender document.

Tender selection and contract award

Our potential customer shortlists potential service providers for tender interviews and in general, there are two rounds of interviews. We present and explain our tender documents or implementation plan to the potential customers, respond to their queries and discuss with them the project details, pricing and other contract terms during the interviews. For some projects, particularly the larger sized ones, the potential customers may also request us to demonstrate that we have sufficient working capital to undertake the projects. Upon the award of a contract, we will sign framework agreements or single project agreements with the potential customers.

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Tender success rate

The following table sets forth our revenue by service types from successful tender and quotation during the Track Record Period:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution obtained by						
tender	115,231	27.9	135,496	32.5	268,552	43.5
quotation	190,657	46.1	137,228	33.0	191,071	30.9
Sub-total:	305,888	74.0	272,724	65.5	459,623	74.4
Tasks and marketers matching service obtained by						
tender	1,088	0.3	5,882	1.4	48,364	7.8
quotation	31,039	7.4	53,356	12.8	33,698	5.5
Sub-total:	32,127	7.7	59,238	14.2	82,062	13.3
Marketers assignment service obtained by						
tender	65,990	16.0	31,172	7.5	22,667	3.6
quotation	7,593	1.8	38,240	9.2	26,046	4.2
Sub-total:	73,583	17.8	69,412	16.7	48,713	7.8
SaaS+ subscription obtained by						
tender	—	—	—	—	778	0.1
quotation	1,973	0.5	14,915	3.6	26,934	4.4
Sub-total:	1,973	0.5	14,915	3.6	27,712	4.5
Total from tender	182,309	44.1	172,550	41.4	340,361	55.0
Total from quotation	231,262	55.9	243,739	58.6	277,749	45.0
Total revenue	413,571	100.0%	416,289	100.0%	618,110	100.0%

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The following table sets forth the number of tender applications and the number of contracts awarded through tendering by service types during the Track Record Period:

	FY2020	FY2021	FY2022
Customised marketing solution			
Number of tender applications	25	54	53
Number of contracts awarded	20	25	36
Success rate (%) (Note 1)	80.0%	46.3%	67.9%
Tasks and marketers matching service			
Number of tender applications	1	5	6
Number of contracts awarded	1	5	6
Success rate (%) (Note 1)	100.0%	100.0%	100.0%
Marketers assignment service			
Number of tender applications	2	8	5
Number of contracts awarded	2	8	5
Success rate (%) (Note 1)	100.0%	100.0%	100.0%
SaaS+ subscription			
Number of tender applications	—	—	2
Number of contracts awarded	—	—	2
Success rate (%) (Note 1)	—	—	100.0%

Notes:

1. In the above table, success rate is calculated by dividing (i) number of contracts awarded by (ii) number of tender applications submitted. For the above analysis, we treated the dates of our successful tender applications as the respective contract commencement dates.
2. For FY2020, FY2021 and FY2022, there were three, two and three contracts, respectively, which were obtained through tendering included more than one type of service scopes. For the above analysis, we treated such contracts as one contract and one tender application under each of the respective service types.
3. For each of FY2020, FY2021 and FY2022, we obtained one customised marketing solution contract and one marketers assignment service contract from one tender application, respectively. For the above analysis, we treated such contracts as one contract and one tender application under each of the respective service types.

During the Track Record Period, number of contracts awarded to us through tendering remained relatively stable, whereas there was decrease in our tender success rate for customised marketing solution. This was mainly because we received increased tender invitations, but we tend to focus on projects with relatively higher profit margin. Therefore, there was fluctuations in the tender success rate for customised marketing solution.

Tendering strategies

On receipt of a tender, we conduct an analysis of the tender documents to evaluate the scope of work, cost, schedule and requirements of our potential customers. In evaluating a tender, we consider, among other factors, (i) the number of projects we have on hand; (ii) our available capacity and resources to provide the relevant services; and (iii) the potential value of such project to our business and business profile which in turn depends on a number of factors pertaining to the project and the competitive environment.

Pricing measures and strategies

Our pricing is determined based on the respective fee models of each type of our services, further details of which are set out in “Business — Our service offerings”. During the Track Record Period, we charged our customers fixed service fees and/or floating fees for customised marketing solution, tasks and marketers matching service and marketers assignment service. Generally, floating fees are calculated based on the results of the performance indicators stipulated by our customers and may be calculated using a tiered commission structure with a capped amount. Different contracts have different calculation method and levels of tiered commission structure. In certain cases, if we could not achieve performance indicators (such as marketer attendance rates or recruitment rates) as set out in the service agreements, our customers can deduct the agreed fees. In order to continuously monitor and assess our average achievement level of the various performance indicators, in addition to financial information, we may also consider average achievement rate of projects’ targeted sales amount. Average achievement rate of projects’ targeted sales amount is calculated by dividing the actual sales amount achieved by us by the customers’ targeted sales amount (where applicable) of each project and then taking the average value, and such average achievement rate was 105.5%, 99.6% and 101.3% for FY2020, FY2021 and FY2022, respectively. The relatively lower average achievement rate for FY2022 (as compared with FY2021) was mainly because the overall economic conditions, as well as our customers’ businesses, were adversely impacted by the COVID-19 pandemic and our achievement of sales-related performance indicators of certain projects were disrupted by the COVID-19 lockdown restrictions. The average achievement rate for FY2021 rebounded slightly as compared with FY2020, which was in line with the growth of tasks and marketers matching service. In addition, we may adjust our pricing for a specific project with reference to the following factors: (i) the nature and scope of the works involved; (ii) the then availability of our manpower and resources; (iii) the labour service fees and event consumable costs involved in the project; and (iv) the expected timetable for the projects as requested by the customer.

We will continuously keep ourselves abreast of changes in market prices and pay close attention to our customers’ responses during the quotation stage. We strive to be responsive to changes in market prices and customers’ responses in a timely manner to avoid any material adverse impact on our market position, competitiveness, performance and financial conditions.

During the Track Record Period, save for one customised marketing solution project and one tasks and marketers matching service project, we had no loss-making contracts. In order to minimise our exposure to loss-making projects, we have adopted the following internal control measures and business strategies:

- (i) our finance team, after each month-end closing of accounts, would identify any actual, expected and potential loss-making projects and pass the relevant information of such projects to our senior management for the purposes of (a) ascertaining the reasons for the loss/expected loss; (b) reviewing the costs assessment for the relevant projects; (c) improving the accuracy of our

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budget and project planning; and (d) recommending measures to minimise the expected and potential losses arising from such projects. All findings and recommendations would be directly reported to our financial controller and executive Directors;

- (ii) we will remain cautious in providing comparatively lower prices to our customers after considering all the factors as disclosed in the paragraph “— Our sales and marketing — Pricing measures and strategies” in this section; and
- (iii) we will closely monitor the costs incurred by us to ensure the overall profitability of our projects in the long-run.

Synergies among our service offerings

We consider our different types of services as covering different offline retail operations and as being complementary with each other and each type of our services offers a different range of sales and marketing services and targets a different range of offline retail operations. As such, we believe there are synergies among our different types of services, having considered that our customers may have different sales and marketing initiatives for different offline retail operations. Depending on their sales and marketing strategies in response to the prevailing offline retail market situation, our customers may engage us for more than one service types and change the service type or combination of service types from time to time. In particular, our customers may choose (i) customised marketing solution for implementing customised sales and marketing activities, which may involve setting up of venues and event materials and require lots of marketers to attend to on-site implementation, in their more popular stores to promote brand awareness of new products; (ii) tasks and marketers matching service for standardised sales and marketing services which mainly involve matching of suitable marketers against particular offline retail stores using AI technologies and big data to help improve sales performance but without setting up of venues or event materials; (iii) marketers assignment service for dedicated and stable workforce at offline retail stores designated by our customers; or (iv) SaaS+ subscription for our readily-available digitalised tools without our other services, such as on-site implementation or provision of marketers.

For each year during the Track Record Period, customers that engaged us for more than one service types in the same year in aggregate contributed revenue of approximately RMB238.8 million, RMB272.1 million and RMB529.3 million, representing 57.7%, 65.4% and 85.6% of our total revenue, respectively. During the Track Record Period, certain of our customers switched from one type of service to another. For example, since 2022, three of our top five customers for the Track Record Period switched from marketers assignment service to customised marketing solution for a broader range of customised sales and marketing services as a result of their changes in sales and marketing strategies in response to the prevailing changes in their industry strategies. Prior to engaging us for the provision of customised marketing solution, these three customers would formulate and implement their own marketing plans, and our role was to assign to them our employee marketers to execute sales and marketing duties as instructed and prescribed by them at designated offline retail stores and assist them to manage human resources-related administration matters of these employee marketers. According to the changes of their sales and marketing strategies, these three customers required our customised marketing solution. Upon these three customers switching to customised marketing solution, our Group took the initiative to formulate and implement customised sales and marketing plans for them. Other than managing our employee marketers and the related human resources-related administration matters, we were involved in formulating, among others, branding strategies, sales and marketing plans, event marketing strategies. We were also responsible for overseeing and managing the whole implementation process of the plans directly by arranging venues and marketers. For details of impact on cost of services and gross profit margin upon such switching of services, please

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refer to “Financial Information — Principal Components of Consolidated Statements of Comprehensive Income — Cost of services” and “Financial Information — Period to Period Comparison of Results of Operation — Gross profit and gross profit margin”.

Having considered our customers generally require a broader range of sales and marketing services from us over the years and the recent sales and marketing strategies of our customers, we believe that in the future, revenue from customised marketing solution and/or tasks and marketers matching service is expected to account for a larger proportion of our total revenue, while revenue from marketers assignment service is expected to account for a lesser proportion of our total revenue.

Seasonality

During the Track Record Period, we experienced relatively higher revenue in the fourth quarter of a calendar year than the other quarters of a calendar year, mainly because there is a higher concentration of festive seasons and other marketing campaigns and other activities in the fourth quarter of a calendar year, which tend to attract more customers to organise sales and marketing activities for stimulating sales and raising brand awareness.

DATA PRIVACY AND SECURITY

We treat data security and privacy seriously across our FMES platform. When a user registers an account or logs into his/her account of our digitalised tools, there will be a notice requiring this user to read and consent to the user privacy policy. The user privacy policy of our digitalised tool describes our data use practices and how privacy works, in particular, it specifies the type of user data that will be collected from our users under different circumstances in the relevant service. We have implemented internal rules and policies to govern how we may use our digitalised tools to collect, use and share personal information, as well as protocols, technologies and systems to prevent information leakage, damage, tampering, loss and misuse and have a dedicated information security team to observe the implementation of the said rules and policies and ensure the compliance of the same. Also, we have maintained safety technical measures for computer rooms, information centres, data centres and other facilities and equipment to ensure the safety and smooth flow of information.

We have established and gradually improved our data security management systems and procedures to ensure that our data collection, transmission, storage, usage, external provision, deletion and other aspects of the security management, which represented the entire life cycle of data and personal information, via our FMES platform are and will be in line with the requirements of applicable laws and regulations. We have designated staff to be responsible for cyber security, data compliance, and personal information protection and provide necessary data security training for our staff. In addition, employees (in particular our staff who would process data and personal information) are generally required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and users without lawful basis and legal process. In terms of compliance audits, we conduct annual information security risk assessments and prepare an Information Security Risk Assessment Report.

In particular, we have established the following management systems and procedures, which are applicable to all of our data and personal information (including those collected and handled with the FMES platform and AI algorithms):

- (i) Information Security Management Manual (《信息安全手册》), which directs our overall information security management. It sets out designated staff who are responsible for information security and their responsibilities;

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- (ii) Data Security Management Procedures (《數據安全管理程序》) and User Personal Information Protection Management Procedures (《用戶個人信息保護管理程序》), which sets out the protocol for security control of data and personal information covering the entire data lifecycle from collection to destruction. Data Security Management Procedures (《數據安全管理程序》) stipulates that outbound data transfer should be assessed to ensure that the outbound data transfer meets the requirements of applicable laws and regulations; the User Personal Information Protection Management Procedures (《用戶個人信息保護管理程序》) stipulates that user personal information collected in the PRC shall not be provided to overseas unless otherwise exempted by laws and regulations; and the Personal Information Security Impact Assessment Procedures (《個人信息安全影響評估程序》) stipulates the specific assessment methods for outbound data transfer;
- (iii) Data Classification and Grading Management Procedures (《數據分類分級管理程序》), which stipulates data classification and grading in accordance with the sensitivity of data and the potential impacts caused by data leakage, based on which data security protection strategies are formulated and corresponding security measures are taken to ensure the safety of data and personal information;
- (iv) Information Security Management System (《信息安全管理制度》), which stipulates strict access control measures for database access and establishes an approval process for adding permitted access to the whitelist. It provides for database security access management, personnel who need to access the database directly for business purposes or require certain clearance for database operation must apply for and receive approval prior to setting up an account and being added to the whitelist for authorised access. The database should be configured with login logs and monitoring auditing functions to record the logs of various operation events of all users, and the database administrator should regularly conduct security audits on the database, including aspects of user rights and access restrictions;
- (v) Supplier and Cooperating Parties Data Management Procedures (《供應商和合作方數據管理程序》), which regulates our cooperations with suppliers and other parties concerning data; and
- (vi) Information Security Event Management Procedures (《信息安全事件管理程序》), Interim Measures for Information System Backup and Recovery (《信息系統備份與恢復暫行辦法》), Network Information Security Emergency Plan Management Procedures (《網絡信息安全應急預案管理程序》) and Information Security Complaint and Reporting Management Procedures (《信息安全舉報投訴管理程序》), all of which are applicable to information security event management and emergency response, data disaster recovery and backup, and responding to information security related complaints and reports.

In addition to the aforementioned measures, we continue to pay close attention to legislative and regulatory developments in data security and we have engaged external legal counsel to conduct relevant consultation and assessment to improve our data compliance and risk prevention system.

Plus Shanghai has received the Information Security Management System (ISO/IEC 27001:2013) certification, which covers the development and application of information security management system to support the sales terminal management system. The certificate is valid from 20 July 2021 until 19 July 2024. All Group companies are required to adhere to the ISO 27001 system of Plus Shanghai.

Based on the above, Tian Yuan Law Firm is of the view that, as of Latest Practicable Date, our data governance policies, procedures, and practices related to cyber security, data security and personal information protection comply in all material respects with the requirements of applicable laws and regulations related to cyber security, data security and personal information protection.

Data collection and usage

During our operations, we use our digitalised tools to collect user data directly or indirectly via third party sources. With respect to our direct collection of user data, according to the relevant laws and regulations, we are required to obtain the consent from our users before collecting and using their personal information. When a person or an entity registers an account or logs into his/her account of our digitalised tools, there will be a notice requiring this user to read and consent to the user privacy policy. The user privacy policy of our digitalised tool describes the rules for processing user data, including the type, purpose, scope, collection method and usage of the user data that will be collected. The privacy policy also explains the system permission function and rights of user data. Before our digitalised tools collect user data that contains sensitive personal information, separate user consent would be obtained to ensure the user's acknowledgment. Depending on the nature and functions of the digitalised tools, user data collected by such digitalised tool may include the user's name, identity card number, mobile phone number, address and bank account number, as well as user historical performance. In particular, the user data of marketers we accumulate from our FMES platform includes personal information in compliance with our privacy policies and generally includes the following information of marketer users: (i) basic information: name, mobile phone number, ID number, ID photo, address and bank account number; (ii) task related records such as recommended tasks received and performed, task completion records and results achieved; (iii) task location information; (iv) task preference information such as preferred task type and industry category; and (v) device information: operating system of mobile device. The aforementioned data (such as records of marketers users' task related records, and task preference information) of marketers are tagged by the AI technologies which then integrate and analyse such data accordingly. Based on the analysis, it generates matching recommendations of marketers suitable for the tasks published by offline retail stores. Our customers, as the final decision maker, will choose suitable marketers with reference to our matching recommendations to achieve better performance results. Meanwhile, our digitalised tools may collect user data indirectly via third-party sources, such as embedded third-party software development kits or access application programming interface. We only collect and use real-name data and mobile phone numbers from our users when necessary, such as when they register an account of our digitalised tool and sign digital contracts. We collect such necessary user information strictly following government regulations and user privacy policies. We do not collect unnecessary user data other than those described in the user privacy policy, and unless otherwise provided by laws and regulations, we do not provide any stored data to third parties without users' consent. We may also collect users' data which is necessary for our provision of services and performance of the service agreements and use such data within the scope of users' consent and authorisation and make reasonable efforts to prevent the unauthorised use, loss or leak of user data. In addition, we accumulated the data of points of sale on our FMES platform, which is the basic operational information of points of sale and generally includes the following information of points of sale: (i) basic information such as name, address and administrative area; (ii) economics of its surrounding area such as distribution, types and sales performance of neighbouring offline retail stores and consumers' consumption power in relevant area etc.; and (iii) brand owner's operation information: brand marketing input, types/forms of marketing and promotional activities, neighbouring marketers availability and capability. Our AI technologies automatically integrates and analyses the aforementioned data, and provides the scores of the sales potential of the offline retail stores accordingly based on features such as their surrounding consumption level and their sales performance and make recommendations to our customers in assisting their decision-making in selecting the location of points of sale. All user data is used within the PRC. We do not sell or illegally provide the user data collected from our users to any third-party organisations. Our

FMES platform has adopted a series of relevant data security measures. In general, we would also sign “Data Sharing and Protection Specifications” and “Data and Protection Specification Commitment Letters” with our relevant customers and IT service providers, pursuant to which (i) the data provider shall commit to legality of data sources, compliance of transmission and consent and authorisation requirements in relation to personal information; and (ii) we are entitled to verify data compliance and state information security measures of both parties.

De-identification and de-sensitisation of sensitive information

After collecting user data with the use of our digitalised tools, we de-identify and de-sensitise sensitive personal information and implement data masking of user data. User data accumulated on our FMES platform is stored on a virtual private cloud (VPC) operated by our VPC cloud service provider, which is an isolated cloud hosted within a public cloud environment and accessed exclusively by us. At the same time, to minimise the risk of damage, leakage and loss of data assets, which is essential to our business operations and provision of service offerings, such user data is also saved on our own local servers located in the PRC and are backed-up regularly. Using our task-based matching algorithm and under a data-encrypted environment, we tag personal information of users based on the set tagging rules. Then, the contacts of users were ranked and displayed. Our customers cannot see the personal information of the users on our digitalised tools except for their rankings and can only contact users using virtual numbers to have point-to-point communication with the target user. In addition, the algorithm principles and rules have been published for the relevant digitalised tools. We strictly restrict the range of data each employee is authorised to access based on his/her seniority and function and unauthorised private download and preview of confidential data are not permitted. There are interface desensitisation requirements for sensitive data transmission. We provide trainings on data protection to our employees from time to time and have generally entered into confidential agreements with our employees to prevent improper use or disclosure of data.

We had not experienced material data breach during the Track Record Period and up to the Latest Practicable Date.

The laws and regulations of cybersecurity and data protection are relatively new and evolving and their interpretation and enforcement involve significant uncertainty. We cannot preclude the possibilities that new regulations or rules in the future may impose additional compliance requirements on us. Please refer to “Risk Factors — Risks Relating to Our Industry — Regulatory, legislative or self-regulatory developments for online businesses may be expensive to comply with, not clearly defined and rapidly evolving, which might create unexpected costs, subject us to enforcement actions for compliance failures, or restrict portions of our business. These might also have a material and adverse impact on our business, prospects, results of operations and financial condition.” As of the Latest Practicable Date, we had not received any inquiry, notice, warning, or sanctions regarding the proposed listing plan or requesting any cyber security review regarding the Measures for Cybersecurity Review and the Draft Regulations on Network Data Security Management. Tian Yuan Law Firm is of the view that there is no material impediment for us to comply with relevant laws and regulations in all material respects.

Internal protocols

We adopt a vigilant approach towards information security with respect to storage and protection of user data collected using our digitalised tools and accumulated on our FMES platform as this is vital to our business. In this regard, we have established a set of internal protocols on data security in relation to use, disclosure and protection of confidential information. A summary of our internal protocols is set out as follows:

- (a) **Data classification and access restriction.** We classify our user data into (i) “core data”; (ii) “important data”; and (iii) “internal data” based on the nature of the data and degree of confidentiality and impose security policies to govern any restriction of use of different categories of user data. After collecting user data with the use of our digitalised tools, we de-identify and de-sensitise sensitive personal information and implement data masking of sensitive personal information. We isolate the storage of user data in a secured area with restricted access granted to our authorised employees. We also ensure the secured storage and transmission of data and prevent any unauthorised member of the public or third parties from accessing or using user data in any unauthorised manner. We keep records of and monitor all import, export, duplication and deletion of data in our system as an integral part of our information security measures.
- (b) **Device security and data backup.** Our IT infrastructures on which user data could access and operate are installed with anti-virus protection software. User data is stored on a virtual private cloud (VPC) operated by our VPC cloud service provider and our own local servers located in the PRC. With a view to minimising the risk of data damage, leakage and loss, we back up data (including those stored on the virtual private cloud and our local servers) on a daily basis.
- (c) **Data privacy trainings.** We provide data privacy and information security trainings to our staff to increase their compliance awareness. In addition, employees are generally required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work and users without lawful basis and legal process.
- (d) **Dedicated officers for managing information security.** With a view to safeguarding information security and implementing checks and balances internally, we have dedicated officers who are responsible for managing our information security, which mainly includes (i) collecting, analysing and confirming the data security requirements of the information system and ensuring the inclusion of data security in system planning; (ii) constructing the data security system platform, include desensitisation framework, managing authorisation to access of data, risk monitoring; (iii) regularly review system permission to ensure data security; (iv) analysing, designing and implementing the data security requirements of the developed system; and (v) assisting in the investigation and handling of data security incidents, and mitigating risks and impact as a result of such incident in a timely manner.

To keep abreast with recent regulatory developments, we pay great attention to recently enacted cybersecurity and data protection laws to ensure the effectiveness of our data security and privacy policies and that we are in compliance with all applicable laws and regulations. From time to time, we update our user privacy policies on our digitalised tools and FMES platform and notify users of the purpose, scope and method of our handling of personal information, and the rights that users are entitled with their personal information, as well as our internal protocols regarding data security and privacy. Additionally, we train new employees on data security and privacy awareness at the beginning of their employment, conduct

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information security training from time to time for employees who process data, and take back the physical and logical access of resigned employees in a timely manner. During the Track Record Period, we did not experience any material information leakage or loss of user data.

COMPETITION

Being a sales and marketing service provider which primarily serve FMCG customers in the PRC, our operations are subject to the impact of the China's offline retail market and we face competition from the retail sales and marketing services market in China.

According to the Frost & Sullivan Report, China's retail market is categorised into online and offline channels. In terms of the revenue generated by retail service providers, the online channel is the faster-growing segment and increased rapidly at a CAGR of 26.5% from 2017 to 2021, whereas the offline channel only grew at a CAGR of 4.1% for the same period. Going forward, online retail market is expected to increase at a CAGR of 11.9% from 2021 to 2026, while offline retail market is expected to grow at a CAGR of 3.3% during the same years. Accordingly, considering our current business is primarily offline-focused, such transformation may adversely affect our operations and performance and the growth of our business due to the slower growth momentum of the offline retail channels. Nonetheless, the offline channel represented more than 67% of the entire retail market over the last five years and according to Frost & Sullivan, with the increasing costs of acquiring and retaining consumers in the online channel and deeper and more tangible consumer experience in the offline channel, the offline retail market is expected to remain larger than the online retail market. The offline channel is projected to represent more than 58% of the entire retail market in the next five years. In addition, brand owners often consider online retail channel as a channel for distributing products supplementary to the offline retail channels.

Our Directors consider that the sales and marketing services in China is relatively competitive, with a large number of participants with different skills and backgrounds. With the increasing demand for more diverse, integrated and data tracking marketing services and higher standards of data collection, market participants are under pressure to strengthen their competitive advantages through cross-industry or intra-industry mergers and acquisitions. Also, cyclical volatility in the retail industry caused by external macroeconomic conditions can negatively impact brand owners' operations, leading to a reduction in their marketing spending, which in turn result in increasingly fierce competition for limited customer resources. According to Frost & Sullivan, major market drivers of the retail sales and marketing services market in China include (i) consumption upgrades prompt demand for more customised marketing services; (ii) fiercer competition drives marketing effectiveness enhancement; and (iii) rising demand for offline experience. Meanwhile, it is also expected that there will be (i) further expansion of publishing channels and media resources; (ii) growing demand from various product sectors; (iii) prevalence of marketing technology for integrated service capability; and (iv) performance-based advertising become increasingly favourable. On the other hand, we are subject to various threats and challenges. For details, please refer to "Industry Overview".

In addition, our Directors consider that going forward, sales and marketing is expected to be conducted through a combination of online and offline channels. Accordingly technology capability has gradually become the next core competency of sales and marketing services providers. Nowadays, established services providers strive to offer holistic marketing solutions to advertisers in one stop. Big data and cloud computing technology enable sales and marketing services providers to gather a vast amount of information to build a comprehensive customer profile for advertisers based on multiple tools and platforms. In addition, new domestic FMCG brands normally were born from the internet and are not familiar with offline interactions, which urges sales and marketing services providers to digitalise their offline operations in order to improve marketing efficiency for brand owners and distributors. As more advanced technologies emerge and are applied, sales and marketing services providers are becoming more

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integrated and technology-driven. We cannot assure you that we could advance our technology capability successfully or that we could provide sales and marketing services that are supported by digitalised tools to the satisfaction of our customers. As a result, we cannot predict with certainty the future growth rate and size of the market of our business. Further, given the regulations in relation to cybersecurity and data privacy in the PRC, we may also face unpredictable restrictions on the adoption and development of different digitalised tools.

The slower growth momentum of the offline retail market may be subject to uncertainties. The majority of brand owners in the retail industry have suffered from various challenges, such as fiercer competition, fragmented distribution network and information asymmetry, and they tend to increase investment in physical sales and marketing with a view to obtaining consumer profiles, improving efficiency in the long retail value chain, and adopting technology empowered tools and systems while implementing sales and marketing activities. From a consumer perspective, consumers not only are prone to using online channels to buy or interact with brand owners or distributors but also enjoy the physical shopping experience. To some extent, these phenomena encourage brand owners and distributors to cooperate with offline retail sales and marketing service providers, like the Group, to advance their physical sales and marketing activities, which enables automation, data transparency, user interaction, and resources monitoring. Furthermore, the further development of SaaS technology also lowers the threshold for brand owners and distributors to embrace digitalisation by cancelling upfront hardware costs and flexible access to computed results. In this case, efficiency and resources saving are expected to bring cost down and strengthen existing value proposition for brand owners and distributors. In return, retail sales and marketing service providers are able to achieve business success in such a digitalisation era.

According to the Frost & Sullivan Report, with the rapid digitalisation transformation progress in recent years, China's retail sales and marketing services market is becoming more well-established and integrated, which would create long-term and positive impact on the development of retail market. Further, China's retail sales and marketing services market has been propelled by the PRC government policies, such as the National Economic and Social Development during the "14th Five-Year Plan" Period, which create favourable development environment for starting new businesses and new growth potentials for the market. For the year ended 31 December 2021, our Group recognised revenue of RMB416.3 million, accounting for approximately 0.03% in the FMCG retail sales and marketing services market. In addition, the Company accounted for approximately 0.02% of the overall retail sales and marketing market in the PRC in 2021. For further details, see "Risk Factors — Risks relating to our business — The offline retail market and retail sales and marketing services market in China is subject to various uncertainties. In particular, the emergence of e-commerce and online marketing may adversely affect the demand for our on-site sales and marketing services, as well as the overall offline retail sales and marketing services market in China."

INTELLECTUAL PROPERTY

We protect our intellectual property rights through a combination of copyright, trademark and patents and other forms of intellectual property rights available, as well as confidentiality and licence agreements with our employees, suppliers, customers and others. In general, our employees must enter into a standard confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own or licence without our consent. During the Track Record Period, we did not find any of such breaches of our intellectual property rights. However, infringement, misappropriate or challenges of our intellectual property rights, unauthorised use or unauthorised disclosure of our trade secrets and other intellectual property, significant impairments to our intellectual property rights and limitations on our ability to assert our intellectual property rights against others, may result in a material

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and adverse effect on our business. In addition, we may face allegations that we have infringed the intellectual property rights of third parties, which may harm our brand and reputation, even if they are vexatious or do not result in liability. For details, see “Risk Factors — Risks Relating to Our Business — We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information.” and “Risk Factors — Risks Relating to Our Business — We may be subject to claims by third parties for intellectual property infringement.”.

As at the Latest Practicable Date, we had 28 registered trademarks in the PRC, two registered trademarks in Hong Kong, 84 registered software copyrights in the PRC and 46 registered domain names. For further details of intellectual property rights which are material to our business operation, see “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of our Group” in Appendix IV to this prospectus.

We did not have any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

As at 31 December 2022, we had 8,559 employees, all located in China, details of which are set out in the following table:

	Number of Employees
Group staff	
— Headquarters and management	7
— Business and development	108
— On-site management	14
— Creative design	7
— R&D	50
— Finance	22
— Human resources	19
— Administration and others (including compliance, internal audit, investments, etc.)	<u>16</u>
Subtotal	<u>243</u>
Employee marketers	
— Employee marketers under customised marketing solution projects	4,399
— Employee marketers under marketers assignment service	<u>3,917</u>
Subtotal	<u>8,316</u>
Total	<u><u>8,559</u></u>

For details and geographical breakdown of employee marketers under customised marketing solution and marketers assignment service, see “— Our service offerings — Customised marketing solution” and “— Our service offerings — Marketers assignment service” in this section, respectively.

Our success depends on our ability to attract, retain and motivate qualified staff. We believe we offer our staff competitive compensation packages and an environment that encourages initiative. We pay labour remuneration in full and on time and gradually increase their salary levels according to social development. Our recruiting efforts include online recruiting, internal referral and, to a lesser extent, on-campus recruiting and use of professional recruiters. We provide on-the-job trainings for our staff to continuously improve the performance and ability of our staff.

As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance and housing provident funds. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time. During the Track Record Period, save for the employees whose social insurance and housing provident funds were paid by third-party human resources agencies, we have made full contribution of social insurance and housing provident funds on a timely basis for all of our employees. For the same period, with respect to employees whose social insurance and housing provident funds were paid by third-party human resources agencies, we have made payments that are sufficient for social insurance and housing provident funds contribution to third-party human resources agencies on a timely basis.

Engagement of third-party agencies to make contributions under various government-sponsored employee benefits plans

Background

During the Track Record Period, we engaged third-party human resources agencies to pay social insurance and housing provident funds for certain of our employees, being employees having a direct employment relationship with us, since some of our employees are scattered in different areas of the PRC and it would be less likely for us to incorporate companies in every city which we have employees. For FY2020, FY2021 and FY2022, the number of employees whose social security and housing provident funds were made through third-party agencies was around 8,300, 8,200 and 2,769, accounting for 46.6%, 46.1% and 32.4% of our total number of employees, respectively. Such decreasing trend was mainly attributable to our efforts in establishing branch offices in locations where our employees work to the extent plausible. As of the Latest Practicable Date, the number of employees whose social security and housing provident funds were made through third-party agencies was 2,285, accounting for 23.5% of our total number of employees.

Legal consequences and potential maximum penalties

Pursuant to the agreements entered into between such third-party human resources agencies and our Company or our relevant PRC subsidiaries, the third-party human resources agencies have the obligation to pay social insurance and housing provident funds for our relevant employees, while in return we pay service fees to such agencies. Also, we are required to provide details necessary for the contribution and declaration of social insurance and housing provident funds, such as the amount of contribution. In particular, it is a term in the agreement that such agencies do not have the obligation to advance any contribution of social insurance and housing provident funds and in case we delay our payment to such agencies, such agencies are entitled to suspend their services. However, if any of such human resources agencies fail to pay the social insurance or housing provident funds for and on behalf of us as required by applicable PRC laws and regulations or if the relevant competent government authorities determine that our

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use of such agency arrangements does not satisfy the requirements under the relevant PRC laws and regulations, we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

In respect of housing provident funds, if we fail to process housing provident fund registrations or open housing provident fund accounts for employees, we shall be ordered by the housing provident fund administration centre to complete such procedures within a prescribed time limit; where failing to do so, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. If we fail to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As to the social insurance, if we fail to file the registration for social insurance, we shall be ordered rectification within a certain period of time; where failing to do so, we shall be fined more than one time and less than three times the amount of social insurance payable, and its directly responsible supervisors and other directly responsible persons shall be fined more than RMB500 and less than RMB3,000. We might be ordered to pay the outstanding balance within a certain period of time and might be subject to a daily overdue charge of 0.05% of the delayed payment amount, and the failure to contribute the social insurance within such a prescribed period may subject us to a fine of one to three times of the overdue amount further imposed by the competent authorities. As advised by our PRC Legal Adviser, the payment of social insurance and housing provident fund contributions through third-party human resources agencies will not in itself directly lead to fines or other penalties under the relevant PRC laws and regulations. Moreover, according to consultation with the relevant governmental authorities, the Company had not been imposed any penalty by such competent authorities due to the payment of social insurance and housing provident fund contributions through third-party human resources agencies during the Track Record Period. However, if the third-party human resources agencies fails to pay the social insurance or housing provident fund contributions for and on behalf of our employees, we may be subject to a fine of one to three times the amount of the outstanding social insurance contributions only if the relevant regulatory authorities order us to make ratification but we fail to rectify within the time period specified. We confirm with the third-party human resources agencies about the number of the employees, the payment amount and payment status on a monthly basis. Based on the amount of the social insurance for employees we instructed the third-party human resources agencies to pay in the latest month (i.e. March 2023), if the third-party human resources agencies failed to pay the social insurance premium for employees in that month and we failed to make the payment within the prescribed time limit, the maximum fine imposed on us would be approximately RMB12.6 million.

Further, as advised by our PRC Legal Adviser, if we can pay the outstanding balance to the relevant authorities within a certain period of time when we are required to do so, the likelihood of us being subject to fines by the relevant government authorities is low.

Rectification actions taken

Since FY2020, we have established branch offices in locations where our employees work to the extent plausible. As such, the percentage of employees whose social security and housing provident funds were made through third-party agencies to our total number of employees decreased from 46.6% for FY2020 to 32.4% for FY2022 and further to 23.5% as of the Latest Practicable Date.

The major third-party human resources agencies which in the aggregate cover no less than 90% of the total amount paid by the Group during the Track Record Period have confirmed in writing that they had paid such contributions according to our agreements with them. As at the Latest Practicable Date, we are not aware of our Group companies having received any administrative penalty imposed by the relevant PRC authorities or labour arbitration application from employees for its agency arrangement with third-party human resources agencies and we are also not aware of the third-party human resources agencies that we cooperate with having failed to pay, or delayed in paying, any social insurance premium or housing provident fund contributions for our employees. We were also not aware of any employee's complaints or demands for payment of social insurance or housing provident fund contributions during the Track Record Period and as at the Latest Practicable Date.

In addition, we have received a confirmation from Mr. Sun, our Controlling Shareholder, dated 17 July 2022, undertaking that in case that our Company incurs administrative penalties or economic losses if it is required by the relevant government authorities to pay relevant penalties due to the above-mentioned agency arrangements, he will indemnify our Company for such payments so that our Company will not suffer from any administrative penalties or economic losses in this regard.

Based on the above, our Directors, as advised by our PRC Legal Adviser, are of the view that this non-compliance incident will not have a material adverse impact on our Group's operations and financial conditions taken as a whole.

Internal control measures adopted

In light of the foregoing, we have also adopted internal policies in relation to social insurance and housing provident funds, which include the following on-going measures:

- we have issued an internal notice to our senior management and human resources department in respect of the prohibition of the arrangement of third-party human resources agencies for the newly employed employees to ensure that they are informed of the new policy of such prohibition;
- our human resources department is responsible for conducting monthly review on social insurance and provident payment records to ensure that there are no incidents of such arrangement. If any incident of such arrangement is identified, the manager of our human resources department will report to our Directors for further actions;
- we will continue to provide trainings to our employees in relation to the relevant laws and regulations on social insurance and housing provident funds and the compliance requirements from time to time;
- the calculation of the social insurance and housing provident funds would be prepared by our human resources department and be reviewed by our finance department on a monthly basis in order to mitigate the risk of non-compliance with relevant laws and regulations; and
- we will continue to consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to enhance our awareness and to keep us abreast of relevant regulatory developments.

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In addition, we have also adopted measures to monitor the behaviour of third-party human resources agencies and ensure their compliance with applicable PRC laws and regulations. In particular, (i) we will continue to select third-party human resources agencies which have obtained human resources service permit granted by appropriate governmental authority and request such agency to provide copy of such permit for inspection before transaction to ensure they have adequate and proper qualification; and (ii) we will continue to request the third-party human resources agencies to provide receipt slips and payment details to social insurance and housing provident funds are fully paid on a timely manner.

According to our PRC Legal Adviser, the use of third-party agencies to make employee benefits payments is not fully in compliance with the PRC laws and regulations. The regulations and local policies evolve from time to time, and as of the Latest Practicable Date, certain regional authorities, such as those in the Beijing municipal, Shijiazhuang municipal and Taiyuan municipal, had promulgated local policies to explicitly restrict third-party human resources agencies from making social insurance and housing provident funds contributions for non-employees. Those policies do not set out the penalty payable by enterprises engaging the third-party human resources agencies and there remains uncertainty as to how such local policies may be implemented in practice. We maintain close communication and liaison with third-party human resources agencies, such that as soon as the local government has published local policies prohibiting payment of social insurance and housing provident funds contributions for non-employees and/or has requested the third-party human resources agencies to rectify, the third-party human resources agencies will notify us and thus, enabling us to establish new branches to comply with the newly published local policies. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from any competent authority requiring termination of such arrangement, nor had we been penalised by any competent authority for engaging third-party human resources agencies to make contribution of social insurance and housing provident funds.

The Company has engaged the Internal Control Consultant to review the remedial measures taken by the Company to address these non-compliance incidents as set out in the above. The Internal Control Consultant did not raise any further recommendations. The internal control review was conducted based on information provided by the Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. In addition, having considered the background of the non-compliance incidents above and the internal control measures adopted by us, our Directors are of the view, and the Joint Sponsors concur, that the enhanced internal control measures are adequate and effective to reasonably prevent re-occurrence of similar incidents.

During the Track Record Period, we have been progressively setting up branch offices in locations where our existing employees work to the extent plausible in order for us to directly pay for their social insurance and housing provident funds without the use of third-party human resources agencies. With a view to rectifying such agency arrangement, we plan to set up branch offices in not less than 25 cities in the PRC (i.e. one branch office for one location) where our existing employees work and transfer their social insurance and housing provident fund accounts from third-party agencies to our newly established branch offices. Based on our rectification schedule as of the Latest Practicable Date, we expect that the transfer of accounts for around 86% of the employees whose social insurance and housing provident funds were made through third-party human resources agencies as of February 2023 will be completed within six months after Listing. Since the transfer of accounts of the remaining 14%, which represented less than 5% of our total number of employees, is subject to practical difficulties, such as employees who would still be on maternity leave or would be retired soon, we will closely monitor the situation of these employees and arrange to complete the rectification actions as early as possible on a case by case basis. Save for other unforeseeable circumstances which are beyond our control, we expect that all rectification actions will be completed within one year after Listing, and progress of such rectification actions will be disclosed in our Company's annual report. Meanwhile, during the rectification transition period, we will continue to request

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existing third-party agents to provide payment details and confirmations to ensure that social insurance and housing provident funds are fully paid on a timely manner, and that they have paid such contributions for our employees.

As advised by our PRC Legal Adviser, during the Track Record Period, saved as disclosed in the above paragraphs headed “Engagement of third-party agencies to make contributions under various government-sponsored employee benefits plans”, we complied with all statutory employment, social security insurance fund and housing fund obligations under the applicable PRC laws and regulations in all material aspects. During the Track Record Period, save for the employees whose social insurance and housing provident funds were paid by third-party human resources agencies, we have made full contribution of social insurance and housing provident funds on a timely basis for all of our employees. For the same period, with respect to employees whose social insurance and housing provident funds were paid by third-party human resources agencies, we have made payments that are sufficient for social insurance and housing provident funds contribution to third-party human resources agencies on a timely basis. See “Risk Factors — Risks Relating to Our Business — We used third-party agencies to make contributions under various government-sponsored employee benefits plans, which may have an adverse impact on us.”.

Our relationship with employees

We enter into standard employment contracts with our staff. We also enter into standard confidentiality and non-compete agreements with our senior staff and key R&D technical staff. As of 31 December 2022, we also have a labour union in Shanghai and a labour union in Conghua, consisting of 240 members, and 1,169 members respectively. We believe that we maintain a good working relationship with our employees and we have not experienced any material disputes with our employees in our history.

PROPERTIES

As at the Latest Practicable Date, we did not own any real property.

As at the Latest Practicable Date, we leased and occupied 22 properties in 11 cities, primarily including Shanghai, Guangzhou, Shenzhen, Nanjing, Beijing, Dalian and Chengdu, with an aggregate gross floor area of 2,685 square metres, which were used as offices and staff quarters (i.e. non-property activities as defined under Rule 5.01(2) of the Listing Rules), and 57 office cubicles, which were used as offices. Our leased properties are leased from Independent Third Parties. The relevant rental agreements provide lease expiration date ranging from 2023 to 2025.

As at 31 December 2022, none of our leased properties accounted for 15% or more of our consolidated total assets. Pursuant to Chapter 5 of the Listing Rules and Article 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this prospectus is exempt from compliance with Section 342(1) of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (b) section, which requires that all land or building interests be included in the valuation report described in paragraph 34(2) of Schedule III of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased properties with title defects and inconsistency with permitted use

As at the Latest Practicable Date, four of our leased properties (including three in Shanghai and one in Chengdu) had title defects, which were due to lessors’ failure to prove the fulfilment or completion of legal procedures relating to allocated land in the PRC. We had been actively communicating with the lessors, requiring valid ownership certificates or authorisation for leasing. In addition, the current usage of three (all in Shanghai) out of these four leased properties, one leased property in Guangzhou and one leased

property in Beijing were inconsistent with the respective permitted usage stated in the building ownership certification. Currently, these leased properties were used as offices, while the permitted usage under the building ownership certification was warehouse or hostel.

With respect to our leased properties with title defects, as advised by our PRC Legal Adviser, according to the relevant laws and regulations, in situations where a lessor fails to complete legal procedures relating to allocated land in the PRC, the relevant lease agreement may not be valid or enforceable and we may face challenges from third parties regarding our leasehold right. Nonetheless, as advised by our PRC Legal Adviser, it is the lessors' responsibility to comply with the relevant requirements and to obtain the relevant ownership certificate or authorisation for leasing. Any failure to fulfil such procedures may subject the relevant lessors to penalties imposed by the competent PRC government authorities and if the lessors do not have the requisite rights to lease the defective leased properties, the relevant lease may be deemed invalid and unenforceable. As a tenant, even though we are not subject to any administrative punishment or penalties under relevant laws and regulations, our use of the defective leased properties may be affected by third parties' claims or challenges against the lease and we may be required to vacate from such properties and relocate our office. Our PRC Legal Adviser are of the view that the title defects of our leased properties will not have a material adverse impact on our business operations because (i) the leases of such leased properties had not been deemed invalid by any competent PRC government authority during the Track Record Period and up to the Latest Practicable Date; (ii) we had not received any rectification order, nor had we been requested to terminate the lease or relocate due to the aforementioned title defects, nor had we been otherwise adversely affected or suffered any loss during the Track Record Period and up to the Latest Practicable Date; and (iii) our Directors considered that in case we are required to vacate from such properties and relocate our office, we will be able to find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial and as such, it will not individually or collectively have a material adverse effect on our business, financial condition or results of operations.

With respect to leased properties which usage were inconsistent with the respective permitted usage, as advised by our PRC Legal Adviser, we might be ordered to rectify the inconsistency in the use of leased properties within a prescribed period, failing which we may be required to vacate from such properties and relocate our office. Our PRC Legal Adviser are of the view that our continuing operations will not be materially affected because (i) it is primarily the lessor's responsibility to ensure the actual usage is consistent with the approved usage, and to the extent necessary, to complete the relevant "change of registration" procedures with the competent authorities to register the changed usage, and the risk of the lessee being subject to any material administrative punishment or penalties because of the lessor's failure to complete such procedures is relatively low; (ii) there was no administrative actions or punishments have been initiated or imposed on us, nor had we receive any challenge to our right to occupy and use the properties upon it; and (iii) our Directors are of the view that, if the inconsistency with permitted land use prevents us from continuing the lease so that we are required to vacate from such properties and relocate our office, we will be able to find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial and as such, it will not individually or collectively have a material adverse effect on our business, financial condition or results of operations.

Lease registration

Pursuant to the applicable PRC laws and regulations, lease agreements must be registered with local branch of Ministry of Housing and Urban-Rural Development of the PRC within 30 days after the execution of such lease. As at the Latest Practicable Date, leases of 21 of the 22 properties had not been registered with the relevant competent authorities, primarily due to the difficulty of gaining cooperation from the landlords. Registration of lease agreements requires the landlords' cooperation, including submitting their identity documentations and building title certificates to the relevant authorities. As

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advised by our PRC Legal Adviser, the failure to register the lease agreements for our leased properties for actual use will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe, and the estimated total maximum penalty for those leased properties would be RMB210,000 if we fail to complete the registration within the prescribed timeframe. As at the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties or enforcement actions as a result of our failure to register the leases described above.

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 insurance policies covering damages to our technology infrastructure or properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. For further information, see “Risk Factors — Risks relating to our business — 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.”.

LICENCES AND PERMITS

During the Track Record Period and as at the Latest Practicable Date, we had obtained all requisite licences, approvals and permits from relevant authorities that are material to our operations in the PRC in accordance with applicable PRC laws and regulations, and such licences, approvals and permits had remained in full effect. Our Directors confirm that there is no material legal impediment to renewing business licences for our PRC subsidiaries.

The following table sets forth the material licence and permit currently held by us:

Name of Licence, Permit and Approval	Holder	Expiry Date
Labour Dispatch Operation Permit	Shanghai Harvest	10 October 2025
Labour Dispatch Operation Permit	Mecool Marketing	7 April 2026
Labour Dispatch Operation Permit	Retail Winner	18 March 2026
Labour Dispatch Operation Permit	Winning Marketing Services	19 March 2026
Human Resources Service Permit	Plus Shanghai	10 April 2024
Human Resources Service Permit	Winning Marketing Solution	10 April 2024
ISO 9001:2015	Winning Marketing Solution	16 November 2023
ISO 9001:2015	Mecool Marketing	16 November 2023
ISO/IEC 27001:2013 (the Information Security Management System that supports development and application of promotion management system)	Plus Shanghai	19 July 2024

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AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business and services. Representative awards and recognitions are set forth below:

Award/Recognition	Award Year	Awarding Institution/Authority
2019 Best Comprehensive Capability Award in Jiading New City (Malu Town)	2020	CPC Jiading New City Working Committee, Jiading New Town Management Committee, CPC Malu Town Committee and People's Government of Malu Town
2019 Best Development Award in Jiading New City (Malu Town)	2020	CPC Jiading New City Working Committee, Jiading New Town Management Committee, CPC Malu Town Committee and People's Government of Malu Town
Agency Scope China 2019/20 — the agency most valued by our clients for the attribute of (i) innovative agency (business transformation through different offering); (ii) good at sales promotions/activation; and (iii) good execution	2020	Scopen and R3 Worldwide
2019 Jiading District Integrated Modern Service Industry Comprehensive Capability Silver Award	2020	People's Government of Jiading, District Shanghai
2020 Excellent Enterprise Best Development Quality Award in Waigang Town	2021	CPC Shanghai Jiading District Waigang Town Committee and People's Government of Waigang Town, Jiading District, Shanghai
2020 Jiading District Modern Service Industry Comprehensive Capability Silver Award	2021	People's Government of Jiading District, Shanghai
Dun & Bradstreet Registered Certified Enterprise	2021	Dun & Bradstreet
2021 Excellent Enterprise Best Development Quality Award in Waigang Town	2021	CPC Shanghai Jiading District Waigang Town Committee and People's Government of Waigang Town, Jiading District, Shanghai

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Award/Recognition	Award Year	Awarding Institution/Authority
2021 Top 50 Modern Service Industry in Jiading District	2022	People's Government of Jiading District, Shanghai
Peer Struggle 1000	2022	Huawei's Consumer Business in the Greater China Area

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that there had been no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

Legal proceedings involving installation of an advertisement billboard

During the Track Record Period, we were involved in one legal proceeding involving the fatality of a passenger. Mecool Marketing was engaged by one of our customers to instal an advertisement billboard of a commercial shop owned by the plaintiff. Mecool Marketing then subcontracted the installation to one of our event consumables related services providers, the person in charge of which handed the work to a third person, who did not have the qualifications for construction and installation. In July 2020, such advertisement billboard fell off and struck a passenger and led to the passenger's death. The plaintiff, being the owner of the said commercial shop, sued Mecool Marketing (amongst the lessee of the commercial shop, the event consumables related services provider, the third person who installed the billboard and other parties) on joint and several basis for the civil liability of the passenger's death for civil liability and compensation of RMB1.06 million together with legal costs. Pursuant to the judgement by the People's Court of Yingdong District, Fuyang City, Anhui Province handed down in September 2021, (i) the claim against Mecool Marketing was dismissed and (ii) the event consumables related services provider and the third person who installed the billboard was jointly and severally liable to compensate RMB170,000. In October 2021, each of the plaintiff and the third person who installed the billboard appealed against the judgement. In July 2022, Mecool Marketing received a notice from the court that the appeal case would be heard in August 2022. On 31 August 2022, the Intermediate People's Court of Fuyang Municipality, Anhui Province handed down the final judgement regarding the appeal case, pursuant to which the first-instance judgement was upheld and the appeal case was dismissed. As advised by our PRC Legal Adviser, the judgement is a final and conclusive judgement in respect of the incident according to the judgement.

In order to prevent recurrences of the incident, we have adopted various internal policies and procedures, particularly concerning the selection, evaluation and supervision of the suppliers and subcontractors in accordance with the applicable laws and regulations.

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We have implemented Supplier Management System (《供應商管理制度》) to regulate our suppliers' conduct and set out the principles of supplier shortlisting, selection and evaluation as well as responsibilities of the relevant departments. In particular,

- a complete and rigorous credit, qualification and background check shall be conducted before new suppliers can be added to the approved supplier shortlist. Such credit check shall be performed on government websites or on well-recognised third-party search platform and include compliance check (such as whether the candidates are in abnormal operating condition due to credit default or failure to fulfil legal obligations, and whether they are subject to high risk of legal, arbitration or punishment) and shareholding check (such as whether any of the suppliers' shareholder is a connected person or government organisation). We should visit the office of the supplier for on-site due diligence;
- any framework agreement or contract entered into shall be reviewed by our compliance team to determine whether any provisions are unfavourable or would pose a risk to our Group. Personnel and qualification clause shall be included in the contract to ensure that the supplier will provide qualified, skilled and prudent labour and personnel in sufficient number in accordance with the relevant industry standards and practices for the proper performance of the contract. Suppliers shall be prohibited to use or permit any subcontractor to use any labour and personnel deemed to be incompetent, careless or unqualified for the performance of the contract. Suppliers are required to submit personnel authorisation form to undertake that each labour and personnel, including those provided by the subcontractor are qualified, licensed and insured to the extent required by the application law and regulations for the performance of the contract. The credit and background check result, together with executed agreement or contract shall be submitted to our head of procurement for approval before shortlisted suppliers can be added to our list of approved suppliers. Any approved suppliers who have discontinued their business relationship with us for 12 consecutive months should be removed from the list of approved suppliers and in the future, subject to the same shortlisting assessment procedures; and
- approved suppliers shall be evaluated both on a single transaction basis and on an annual basis based on different criteria such as quality of the products or services provided, level of cooperation, emergency supply capacity, and their settlement history. The evaluation report of each of the suppliers shall be provided to the head of procurement. Approved suppliers who fail to pass the evaluation shall be removed from the list of approved suppliers. Suppliers who had been involved in illegal or illicit activities and provision of counterfeit and substandard goods or services shall be blacklisted.

We have introduced Business Outsourcing Internal Control Management Handbook (《業務外包管理 — 內控管理手冊》) to provide an overview of the procedures in relation to business outsourcing, which covers the outsourcing system, staff roles and responsibilities, and initiation, implementation and auditing of business outsourcing. In particular,

- the subcontractor selection process shall be open, fair and impartial and merit-based, and should comply with relevant tendering laws if tendering is opted. Our employees shall in no circumstances accept any bribes, rebates or other forms of benefits in the selection process. Subcontractors and their employees shall not solicit business through improper means, such as offering bribes, rebates or other forms of benefits;

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- the procurement department shall submit executed business outsourcing contracts to finance department and other relevant department for record. Measures shall be taken to ensure that our subcontractors strictly fulfil and comply with the business outsourcing contracts;
- subcontractor's performance of the contract shall be assessed on an on-going basis. Regular and unscheduled on-site inspection shall be carried out to monitor the performance of the subcontractor and assessment results will be recorded. The outsourcing business contract shall be terminated promptly if there is any material breach; and
- acceptance test shall be conducted by our relevant department or staff. Certificate of acceptance shall be issued in case of acceptance, and any abnormalities found during acceptance process shall be reported immediately and dealt with in a timely manner. The assessment results shall be submitted as part of the attachments for payment application, and the payment amount shall be determined based on the payment terms set out in the contract and payment shall be released after obtaining approvals from the head of outsourcing management, finance department and the financial controller.

In addition to the above, with a view to avoiding doubts and confusion in relation to liabilities arising from the performance of our supplier contracts, we have standardised our supplier contracts with provisions stipulating that the suppliers and/or subcontractors shall be solely and fully liable for any loss of life, injury or property damage caused by them during the production, installation and insertion processes, and the same shall also apply to any loss of life, injury or property damage caused by the defects of the products supplied by the suppliers and/or subcontractors during the warranty period.

Based on the above, we have implemented enhanced internal measures internally that we believe to be adequate and effective to prevent the recurrence of the incident.

Incident of Winning Marketing Solution being mentioned in a criminal judgement in relation to a bribery case of an Independent Third Party

One of our principal operating subsidiaries, Winning Marketing Solution, was mentioned (the “**Mention**”) in a criminal judgement (the “**Judgement**”) handed down by Shanghai Putuo District People's Court (上海市普陀區人民法院) on 27 August 2020 related to a bribery case of Zhang Chu (張楚) (“**Mr. Zhang**”), a government officer who is an Independent Third Party, in 2014 and 2015 (the “**Incident**”). At the relevant time, our executive Director Mr. Sun was the sole director and the legal representative of Winning Marketing Solution and he is currently holding the same positions in Winning Marketing Solution. Also, at the relevant time, our executive Director Mr. Yang was the financial controller of Plus Shanghai, the holding company of Winning Marketing Solution, and the deputy general manager of the Group.

Our Directors consider that such Incident does not negatively impact on our Directors' suitability to act as a director under Rules 3.08 and 3.09 of the Listing Rules, taking into account, among others to be discussed below, a confirmation dated 20 October 2022 issued by Shanghai Putuo District People's Procuratorate (上海市普陀區人民檢察院) and Shanghai Putuo District People's Court (上海市普陀區人民法院) (collectively, the “**Competent Authorities**”), being the authorities directly responsible for the prosecution, adjudication and handing the Judgement in connection with the Incident, confirming that they had not found any of Winning Marketing Solution and its shareholders, their respective legal representatives, directors and other relevant personnel having been involved in the crime of offering bribes by an unit (單位行賄罪) or the crime of offering bribes by individual (行賄罪) in Mr. Zhang's case, or having been filed, prosecuted, tried and/or sentenced, or having been taken mandatory measures for such reason (the “**Confirmation Letter**”).

A detailed discussion of the Incident which formed the basis of the Directors' view is as follows:

(i) *Background, nature, causes and consequences of the Incident*

In late 2014, Winning Marketing Solution was verbally informed by Labour Supervision Corps* of Putuo District, Shanghai (上海普陀區勞動監察大隊) (the “**Putuo Supervision Corps**”) that a former unnamed employee of Winning Marketing Solution had made a complaint (the “**Complaint**”) to the Putuo Supervision Corps against Winning Marketing Solution, disputing the amount of social insurance payable by Winning Marketing Solution to the employee. Consequently, with the aim to enhancing its understanding of employment, labour and social insurance laws, Winning Marketing Solution consulted the Putuo Supervision Corps and was recommended by Mr. Zhang, the then vice head (副大隊長) of the Putuo Supervision Corps, to engage Shanghai Huishun Enterprise Management Co., Ltd.* (上海惠順企業管理有限公司) (“**Shanghai Huishun**”) for obtaining labour-related consultancy and training services. A human resources policy consultancy service agreement* (《人力資源政策諮詢服務會員協議》) (“**HR Services Agreement**”) was entered into between Winning Marketing Solution and Shanghai Huishun in October 2014.

According to the terms of to the HR Services Agreement, Shanghai Huishun shall provide labour-related consultancy and training services, including training its employees on PRC labour laws and management of human resources and attendance to related enquiries (the “**Trainings and Advisory Services**”), for which Winning Marketing Solution paid RMB30,000 (the “**Contractual Price**”). Since the expiry of the HR Services Agreement on 30 September 2015 and up to the Latest Practicable Date, our Group had not had any further cooperation or any other relationship with Shanghai Huishun. The Group had not received any formal enquiries, claims or potential claims in relation to the cooperation with Shanghai Huishun.

On 27 August 2020, Shanghai Putuo District People's Court (上海市普陀區人民法院) handed down the Judgement stating that pursuant to the applicable PRC laws, Mr. Zhang was convicted for, among others, taking advantage of his various government positions and receiving bribes from various individuals and entities between 2014 and 2019. It was mentioned in the Judgement that between 2014 and 2015, Mr. Zhang, as the then vice head of Putuo Supervision Corps, received bribes in the name of “consulting fees” via Shanghai Huishun from multiple entities including Winning Marketing Solution.

As at the Latest Practicable Date, Winning Marketing Solution, Mr. Sun, Mr. Yang or any of our other Directors and employees had not been subject to any formal or informal investigation, and had not received any claims and potential claims in connection with the Incident.

As confirmed by our PRC Legal Adviser, the Mention has no legal implication or consequence which has material adverse effect on the Company mainly because according to the Criminal Procedure Law of the PRC (《中華人民共和國刑事訴訟法》), no one can be determined guilty without the verdict of the people's court according to law, neither Winning Marketing Solution, its shareholder nor any of their respective directors and employees had been named as a defendant to the Judgement, and despite the conviction of Mr. Zhang in the Judgement and the Mention, the Judgement has no adverse legal consequences on Winning Marketing Solution.

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(ii) *Views of our Directors and the Joint Sponsors on the Directors' suitability to act as a director under Rules 3.08 and 3.09 of the Listing Rules*

Our Directors considered that the Incident does not affect Mr. Sun and Mr. Yang's suitability as our Directors under Rules 3.08 and 3.09 of the Listing Rules. Our Directors consider that the followings justified that Winning Marketing Solution, its directors and employees were not involved in the bribery case as alleged in the Judgement:

1. Winning Marketing Solution was not aware of Mr. Zhang's relationship with Shanghai Huishun before entering into and during the term of the HR Services Agreement

As part of Winning Marketing Solution's internal control policy, as confirmed by the then human resource manager, (who is currently holding the position of an office manager and responsible for external media communication) of Winning Market Solution, (the "**Then HR Manager**"), a background search was conducted online against Shanghai Huishun in 2014 prior to entering into the HR Services Agreement to understand the directorship and shareholding structure of Shanghai Huishun, and nothing has come to the Then HR Manager's attention that may cast doubt on Shanghai Huishun.

2. The transactions under the HR Services Agreement were reasonable and genuine

There was a reasonable and genuine commercial logic in the transaction under the HR Services Agreement. Winning Marketing Solution's principal business involves acting as customers' agents and assisting them in recruitment, management of human resources-related administration matters, appraisal and trainings of employee marketers. In light of the importance of human resources to its business model, it was reasonable for Winning Marketing Solution to engage Shanghai Huishun for the provision of Trainings and Advisory Services. Trainings and Advisory Services was in fact then provided by Shanghai Huishun in accordance with the terms and service scope of the HR Services Agreement for the Contractual Price. Hence, our Directors believe the transactions between Winning Marketing Solution and Shanghai Huishun were reasonable and genuine.

3. Winning Marketing Solution had no ulterior illegal motives for entering into the HR Services Agreement. There was no connection between (i) the issuance of Winning Marketing Solutions' Human Resources Service Permit (the "**Permit**"), being the only permit related to human resources that Winning Marketing Solution holds, and (ii) the HR Services Agreement

As advised by our PRC Legal Adviser, the Human Resources and Social Security Bureau of Shanghai Jiading District (上海嘉定區人力資源和社會保障局) (the "**Jiading HR Bureau**") is the competent authority in charge of vetting and approval of the issuance, renewal and revocation of the Permit. As further confirmed by the Jiading HR Bureau during an onsite due diligence interview, the Jiading HR Bureau is the responsible and competent authority to issue such Permit to Winning Marketing Solution, and the Permit historically and currently held by Winning Marketing Solution was issued by the Jiading HR Bureau, whereas the Human Resources and Social Security Bureau of Shanghai Putuo District (上海普陀區人力資源和社會保障局) ("**Putuo HR Bureau**") does not have the authority to consider the granting of Permit to companies registered in the Shanghai Jiading District. As advised by our PRC Legal Adviser and as further confirmed by the Putuo HR Bureau during an onsite due diligence interview, from 2004 (i.e. the year in which Winning Marketing Solution was established) to date, the Putuo Supervision Corps has never had the authority to participate in the vetting process

concerning the Permit. Accordingly, as confirmed by our PRC Legal Adviser and based on the due diligence interview with the Jiading HR Bureau, according to the applicable PRC laws, Mr. Zhang did not have the relevant authority to participate in the process concerning the vetting and approval for the issuance of the Permit to Winning Marketing Solution.

Moreover, as advised by the Company's PRC Legal Adviser and confirmed by the Jiading HR Bureau during onsite due diligence interview, Winning Marketing Solution has uninterruptedly been holding the valid and effective Permit issued by the Jiading HR Bureau since April 2011 to date and none of such Permit has ever been revoked nor suspended.

Furthermore, as confirmed by the Jiading HR Bureau, no major penalty had been imposed on Winning Marketing Solution since its establishment in 2004 by the Jiading HR Bureau and the Jiading HR Bureau was not aware of any complaint made against Winning Marketing Solution. Our Directors therefore consider that the issuance and maintenance of the Permit over the years was due to our Group's compliance of human resource related-matters in material aspects, but not the signing of the HR Services Agreement.

4. Our Directors had no participation in the entering of the HR Services Agreement in 2014 and only had knowledge of the HR Services Agreement in 2021

As confirmed by the Then HR Manager and other relevant employees who were responsible for the negotiation and the approval of the HR Services Agreement, pursuant to the internal guidance on the approval procedures for expenditures at the material times, transactions with an amount of less than RMB50,000 did not require the approval of the then director of Winning Marketing Solution (i.e. Mr. Sun) or authorisation from its holding company. Accordingly, none of our Directors (a) was involved in the negotiation, approval and entering into of the HR Services Agreement with Shanghai Huishun and the payment to Shanghai Huishun; (b) had any personal contact with either Mr. Zhang or Shanghai Huishun. Our Directors only discovered the Judgement in early 2021 during our routine monitoring of media public opinion, and we took prompt action to engage our external PRC legal counsel to evaluate and mitigate any potential impact of the Judgement on Winning Marketing Solution's reputation and business interests by, among other measures, exploring the practicality of an appeal.

5. Winning Marketing Solution, Mr. Sun and Mr. Yang were not convicted for seeking illegal benefits via bribery nor named as a defendant to the Judgement

As confirmed by our PRC Legal Adviser, the Judgement did not mention that Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of the Group had sought any illegitimate gain or interest through Shanghai Huishun or Mr. Zhang had offered any illegal help to Winning Marketing Solution. Furthermore, according to the public searches conducted via wenshu.court.gov.cn (中國裁判文書網), the website of Supreme People's Procuratorate (最高人民檢察院網站), the website of Supreme People's Court (人民法院公告網), China's Enforcement Information Disclosure Website (中國執行信息公開網), our PRC Legal Adviser did not find Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of our Group having been convicted by any people's court for seeking illegal benefits via bribery in relation to the Incident; under the principle of presumption of innocence (i.e. innocence is presumed until guilt is established by trial) and the principle that no one can be determined guilty without the verdict of the people's court under the Criminal Law of the PRC (中華人民共和國刑法) and the Criminal Procedure Law of the PRC (中華人民共和國刑事訴訟法), and given none of Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of our Group was named as a defendant to the Judgement, our PRC Legal Adviser is of the view

that there are no reasonable circumstances that would lead the Company's PRC Legal Adviser to believe that Winning Marketing Solution, Mr. Sun, Mr. Yang and other senior management of the Group are guilty in relation to the Incident.

6. We have obtained the Confirmation Letter from the Competent Authorities

In October 2022, the Competent Authorities issued the Confirmation Letter confirming they had not found any of Winning Marketing Solution and its shareholders, their respective legal representatives, directors and other relevant personnel having been involved in the crime of offering bribes by an unit (單位行賄罪) or the crime of offering bribes by individual (行賄罪) in Mr. Zhang's case, or having been filed, prosecuted, tried and/or sentenced, or having been taken mandatory measures for such reason. Our PRC Legal Adviser is of the view that in terms of criminal proceedings and the outcome of the Judgement, the Confirmation Letter justifies that Winning Marketing Solution, its shareholders, their respective legal representatives, directors and other relevant personnel were not involved in the bribery case of Mr. Zhang. Please also refer to the sub-section immediately following which set out the interpretation and basis of our PRC Legal Adviser on the Confirmation Letter.

Based on the foregoing, the Joint Sponsors concurred with our Directors' view that the Incident did not impact on our Directors' suitability to act as a director under Rules 3.08 and 3.09.

(iii) Views of our PRC Legal Adviser on the Confirmation Letter from Competent Authorities

Our PRC Legal Adviser's interpretation of the Confirmation Letter as aforementioned is as follows:

- (i) according to the Criminal Law of the PRC, the crime of offering bribes by an unit (單位行賄罪) refers to "Where an unit offers bribes for the purpose of securing illegitimate benefits or, in violation of State regulations, gives rebates or service charges to a State functionary", and the crime of offering bribes (行賄罪) refers to "giving money or property to a State functionary for the purpose of securing illegitimate benefits". The Judgement did not mention that Winning Marketing Solution, its shareholders and their respective legal representatives, directors and other relevant personnel have sought any improper income or benefits through Shanghai Huishun, nor has Mr. Zhang provided any illegal help to Winning Marketing Solution. Based on the Confirmation Letter and the relevant laws and regulations of PRC, our PRC Legal Adviser is of the view that the Competent Authorities have confirmed that Winning Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel have not been convicted of a crime in the Mr. Zhang's case.
- (ii) according to the Criminal Procedure Law of the PRC, the criminal proceedings for a criminal case includes the stages of case filing, investigation, initiation of public prosecution, trial and execution of the case, etc. The "mandatory measures" means such measures taken by the competent authority against the criminal suspect or defendant as compelled to appear before a judge to await trial on bail, put his residence under surveillance, arrest and detention, etc., in light of the circumstances of the case. Based on the Confirmation Letter and the relevant laws and regulations of PRC, our PRC Legal Adviser is of the view that the Competent Authorities have confirmed that Winning

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Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel have not been involved in the criminal proceedings or being taken mandatory measures in the Mr. Zhang's case.

Based on the above, our PRC Legal Adviser is of the view that in terms of the criminal proceedings and the outcome of the Judgement, the Confirmation Letter justifies that Winning Marketing Solution, its shareholder, and their respective legal representatives, directors and other relevant personnel were not involved in the bribery case of Mr. Zhang.

(iv) Enhanced internal control measures

We have taken or will take remedial actions promptly to prevent recurrence, including:

1. With the assistance of our external annual retainer counsel, the compliance department in charge of our overall compliance has set up internal legal compliance policies, and will continue to review, monitor and oversee compliance with laws and regulations relevant to our operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis;
2. The human resource department has established policies with respect to the payment and calculation of social insurance and housing provident fund contributions in accordance with the relevant PRC laws, and the personnel with relevant knowledge and expertise closely follow up with changes or updates to the relevant PRC laws to ensure that we keep abreast of any development in the relevant PRC laws. The payroll of all staff (including the calculation of social insurance) shall be checked by the senior personnel of the human resource department to ensure the correctness and compliance with regulatory requirements;
3. We have established Anti-corruption and Anti-commercial Bribery Guidance* (反腐敗、反商業賄賂規定), which governs our business activities in the course of ordinary course of business with our customers, suppliers, service providers and contractors, pursuant to which (a) all of our customers, suppliers, service providers and contractors shall comply with such guidance by entering into a separate Anti-commercial Bribery Agreement* (反商業賄賂協定) with us, and (b) our key employees are requested to sign Integrity and Self-discipline Undertakings* (廉潔自律承諾書) before signing contracts on behalf of us;
4. Our established procedures of management of selection of the suppliers (供應商管理制度) requires that, for the selection of third-party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholders' structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has any government background. After being selected by us, the suppliers shall enter into Anti-commercial Bribery Agreement (反商業賄賂協定) with us;
5. We have introduced a reporting mechanism and regular declarations of conflicts of interests for all staff and whistleblower policy (such as the setting up of the hotline and designated email account for reporting), as well as provide regular training on corruption and bribery prevention. Any employee found in breach of our anti-bribery and corruption policies and procedures will be disciplined or subject to other punishment;

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6. We have established crisis management procedures, which require the employees to report incidents of any significance (such as the investigation/inspection/queries by the authorities) to the designated senior persons for internal handling and assessment; and
7. We will also consult the PRC Legal Adviser, or other legal advisors, if necessary, to provide assistance in legal and compliance matter.

In preparation for the Listing, we have engaged an Independent Third Party consultant (the “**Internal Control Consultant**”) to perform a review over selected areas of our internal controls over financial reporting in July 2022 (the “**Internal Control Review**”). The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included anti-corruption and anti-bribery, and compliance of applicable PRC regulations in relation to the social insurance and housing provident fund.

The Internal Control Consultant performed the follow-up reviews in October 2022 to review the status of the management actions taken by the Group to address the findings of the Internal Control Review (the “**Follow-up Review**”). The Internal Control Consultant did not have any further recommendation in the Follow up Review except for the establishment of the required terms and reference of the Board and its committee (including the appointment of the required Directors), which is expected to be completed by the Group before the Listing. The Internal Control Review and the Follow-up Review were conducted based on information provided by the Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Having considered the background of the Mention and the Incident above and the internal control measures adopted by us, our Directors are of the view, and the Joint Sponsors concur, that our enhanced internal control measures are adequate and effective to reasonably prevent re-occurrence of similar incidents.

Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, there were no breaches or violations of applicable PRC laws and regulations that may have a material and adverse impact on our business, financial condition or results of operation taken as a whole, and we had obtained all material requisite licences and approvals from relevant governmental authorities for our operations in the PRC.

RISK MANAGEMENT AND INTERNAL CONTROLS

We have designated responsible staff in our Group to monitor the ongoing compliance by our Group with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programmes and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identifying any concerns and issues relating to any potential non-compliance. In addition, we have adopted a set of internal rules and policies governing the conduct of our employees. We have established a monitoring system to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations.

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We have appointed Guotai Junan Capital Limited as our compliance adviser with effect from the date of the Listing to advise on ongoing compliance with the Listing Rules and the applicable securities laws and regulations in Hong Kong. During the Track Record Period, our Directors did not identify any material internal control weaknesses or failures. Our Directors are of the view that we have adequate and effective internal control procedures, that the suitability and competency of our Directors is compliant with Rules 3.08 and 3.09 of the Listing Rules, and that our Company is suitable for listing under Rule 8.04 of the Listing Rules.

Financial reporting risk management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department staff to ensure that they understand our accounting policies.

As at 31 December 2022, our finance team consisted of 22 staff and was headed by Ms. Chen Li, our financial controller, who had more than 21 years of experience in managing financial affairs and was accredited as a non-practising member by the Shanghai Institute of Certified Public Accountants in March 2014 and as a Certified Management Accountant (CMA) in January 2019. For details on biography of Ms. Chen Li, our financial controller, see “Directors and Senior Management — Senior management” in this prospectus. Our finance team has four divisions, namely the capital management division, accounting division, financial analysis division and project financial management division. Each division has its own designated responsibilities, and the division heads are required to report to our financial controller. Each division is required to provide relevant financial information in a timely manner to assist the preparation of the financial report and shall be responsible for the completeness and accuracy of the information provided.

Information system risk management

As at 31 December 2022, our innovation centre team, which was responsible for innovation and R&D, had 50 R&D staff and was headed by Mr. Cui Yanan, our technical controller, who had over 16 years of experience in technology development. For details on biography of our technical controller, see “Directors and Senior Management — Senior management” in this prospectus.

We have implemented various internal procedures and controls to ensure that our data are protected and that leakage and loss of any information is avoided. According to our implemented IT measures, all access keys to our servers, operating systems, network infrastructure, computers, document files must contain at least eight numbers, upper characters and lower characters, and must be changed regularly and in any event should not remained unchanged for more than 90 days. The same requirements also apply to the access keys to our databases and our operating service software. In addition, we have set up appropriate backup strategy to back up our database, our database will be backed up regularly and we have designated specialised staff to check and monitor the records of backups on a daily basis, and resolve anomalies promptly, if any. Moreover, we have formulated a contingency and data recovery plan for the unlikely event of data disaster and we conduct data disaster drills on a regular basis. Lastly, we conduct regular health check of our software to protect them from computer viruses. We utilise anti-virus software built-in our operating system that delivers comprehensive, ongoing and real-time protection, to protect our information system from software threats, such as computer viruses, malware and spyware.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of data, nor did we experience any material infringement and/or unauthorised use of our copyrighted software intellectual properties.

Regulatory compliance risk management

With the assistance of our external annual retainer counsel, our compliance team, which is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group's operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We will also consult legal counsels, if necessary, to provide assistance in legal and compliance matter. Our staff manual has set out the general principals relating to contracts and the relevant laws and rules for our staff to follow. Relevant accounting and management internal control system and procedures have been put in place to ensure the compliance with Listing Rules. Further, we have designated staff under our shared service centre team to (i) keep track of our on-going litigations and disputes, document their status and provide an update summary to the senior management for review on a monthly basis; and (ii) obtain and maintain all the necessary permits and licences required for our operations. In addition, our human resource team has established policies with respect to the payment and calculation of social insurance and housing provident fund contributions in accordance with the relevant PRC laws and the staff with relevant knowledge and expertise is required to closely follow up with changes or updates to the relevant PRC laws to ensure that we can keep abreast of any development in the relevant PRC laws. The payroll of our employees (including the calculation of social insurance) shall be checked by the senior staff of our human resource team to ensure the correctness and compliance with regulatory requirements. We continuously improve our internal policies according to changes in laws, regulations and industry standards to ensure ongoing compliance.

Credit risk management

Our credit risk is primarily attributable to trade receivables, financial assets included in prepayments, other receivables and other assets, and cash deposits at banks. We manage credit risks primarily through the following measures:

- we have implemented “know-your-customer” procedures and credit checks to ascertain the background of our potential customers by obtaining their business registration licence;
- we perform credit assessments on potential customers, and require them to prepay for our services before reaching certain threshold to minimise our credit risk exposure;
- we closely monitor the level of our trade receivables and other financial assets and take appropriate action to recover or minimise our loss where we foresee that our customer may default in its obligation; and
- we have credit policy with respect to the credit period granted to our customers depending, on their reputation and size of business, which are subject to our on-going review and revision.

Operation risk management

We are exposed to various risks in the operations of our business, and we believe that risk management is important to our success. Key operational risks we face include, among others, (i) our ability to maintain relationships with our customers, our ability to retain and grow our user base and our ability to manage a vast network of marketers on a remote basis; (ii) changes and development in laws and regulations for online businesses, including cybersecurity, information security, privacy and data protection regimes, which may create unexpected costs and such laws and regulations may not be clearly defined and may rapidly evolve or restrict our business or cause us to change our technology platform or business model; (iii) our efforts to develop new digitalised tools or functionalities of the same or maintain or improve our IT infrastructure may not succeed.

Anti-bribery and anti-corruption

We have established Anti-corruption and Anti-commercial Bribery Guidance, which governs our business activities in the course of ordinary course of business with our customers and suppliers, pursuant to which all of our customers and suppliers are required to comply with such Guidance by entering into a separate Anti-commercial Bribery Agreement with us. We have established procedures of management of selection of the suppliers, which requires that, for the selection of third party suppliers, sufficient due diligence on the credibility of the suppliers and the shareholding structure (including the ultimate beneficial owner) shall be performed to ascertain, amongst other matters, whether the supplier has any government background. After being selected by the Company, the suppliers shall enter into agreements which include Anti-commercial Bribery clauses. Also, our Anti-corruption and Anti-commercial Bribery Guidance requires our key staff to sign Integrity and Self-discipline Undertakings before signing business contracts on behalf of us. We have also introduced a reporting mechanism and regular declarations of conflicts of interests for our staff and whistleblower policy (such as the setting up of a hotline and designated email account for reporting), as well as provide regular trainings on corruption and bribery prevention. Any staff found in breach of our anti-bribery and corruption policies and procedures will be disciplined or subject to other punishment. In addition, we have also established crisis management procedures, which require the employees to report incidents of any significance (such as the investigation/inspection/queries by the authorities) to the designated senior persons for internal handling and assessment. During the Track Record Period and up to the Latest Practicable Date, we have not received any warning or other notice from such customers that we have breached any of the agreement terms relating to anti-bribery and anti-corruption laws and other standards.

Meanwhile, we have established a comprehensive anti-bribery and corruption oversight mechanism. Relevant policies are in place to explain and define actions that would constitute as fraud, embezzlement, money laundering, irregularities and other misconducts. Our reporting channels are open and available for our staff to report any misconducts by our staff in confidence and on an anonymous basis. We offer training to our employees to enhance their knowledge and awareness of the relevant rules and regulations. We also keep abreast of the latest regulatory updates and communicate with the relevant regulatory authorities from time to time to discuss the latest regulatory requirements in light of the evolving nature of the industry.

With the assistance of our external annual retainer counsel, our compliance team, which is in charge of our overall compliance, has set up internal legal compliance policies and will continue to review, monitor and oversee compliance with laws and regulations relevant to the Group's operations as well as the adequacy and effectiveness of regulatory compliance procedures and system on an ongoing basis. We will also consult legal counsels, if necessary, to provide assistance in legal and compliance matter.

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Audit Committee experience and qualification and Board oversight

We have established an audit committee 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. The audit committee consists of three independent non-executive Directors, namely Mr. Lau, Ms. Li and Mr. Ngan. Mr. Lau, with appropriate accounting and financial management expertise, is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, please see “Directors and Senior Management — Directors — Independent non-executive Directors”.

Our audit department is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Members of finance department hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. Such issues and suggested measures are then submitted to the audit committee on a timely basis. The audit committee then discusses the issues and measures and reports to the Board if necessary.

Ongoing measures to monitor the implementation of risk management policies

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including the administration of daily operations, financial reporting and recording procedures, fund management policies, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. For the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee, see “Directors and Senior Management — Board Committees — Audit Committee”. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We place emphasis on promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. We have put in place the occupational health and safety of our employees and held ourselves responsible for preventing occupational injuries. Under the safety management policy of the Group, we strictly follow national laws and regulations on fire safety and have established a fire prevention system and implemented measures to response to emergency. Also, we have maintained fire safety equipment and obvious signs for emergency exits in accordance with the relevant laws and the fire safety equipment is checked regularly and the exits are kept clear.

Governance on ESG Matters

We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on our business. We are committed to complying with environmental, social, and governance (“ESG”) reporting requirements upon Listing. Our Board of Directors has adopted a comprehensive policy on environmental, social and corporate governance, or ESG, responsibilities (the “ESG Policy”) in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practising corporate social responsibility in our daily operations. Our Board of Directors has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and based on the ESG Policy, we will evaluate, determine and address our ESG-related risks at least once a year. Our Board of Directors may

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assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks. Details of our ESG initiatives are as follows:

1. Adhering to business ethics — We strictly comply with the provisions of laws and regulations relating to anti-corruption and anti-bribery. For strengthening anti-fraud work, we have implemented the Anti-Fraud Management Policy, which opposes and explicitly prohibits corruption, bribe-taking and bribery. The policy prevents all kinds of illegal, disorderly and corrupting behaviours that interfere with and undermine our business activities and secures the reporting rights of our staff in accordance with the laws. In addition, certain of our customers require the inclusion of certain anti-bribery and anti-corruption terms in the framework agreements.
2. Offering quality services using well-maintained digitalised tools — We strive to provide quality services using well-maintained digitalised tools to meet our customers' evolving needs. In addition, since digitalised tools are essential in supporting our provision of services, we will continue strengthening the core functions of our digitalised tools and enhancing our technological capabilities.
3. Data privacy and security — We treat data security and privacy seriously across our FMES platform. We have implemented internal rules and policies to govern how we may collect, use and share personal information, as well as protocols, technologies and systems to prevent information leakage, damage, tampering, loss and misuse and have a dedicated information security team to observe the implementation of the said rules and policies and ensure the compliance of the same. Also, we have maintained safety technical measures for computer rooms, information centres, data centres and other facilities and equipment to ensure the safety and smooth flow of information. For further details, see “— Data privacy and security” in this section.
4. Protecting employee compensation and benefits — We enter into standard labour contracts with our staff and strictly abide by the terms of the employment contract. We believe that we offer our staff competitive compensation packages and an environment that encourages initiative. We pay labour remuneration in full and on time and gradually increase their salary levels according to social development. As required by regulations in China, we participate in various government statutory employee benefit plans, including social insurance and housing provident funds.
5. Fostering a good working environment — We provide on-the-job trainings for our staff to continuously improve the performance and ability of our staff.
6. Consumers' right to know — With a view to ensuring consumer confidence in our customers' merchandise and experience in purchasing, we require marketers in our projects to be honest and trustworthy and provide correct product information to consumers.
7. Helping the government improve social issues — We undertake our social responsibility by helping the government to improve social issues, such as recruiting people with disabilities or other difficulties, with the aim of creating an environment where people with and without disabilities and other difficulties can work together and share their joys and hardships.

8. Responsibility for the environment and resources — We undertake the responsibility of sustainable development and resource conservation, as well as protecting the environment and maintaining the harmony of nature. Owing to the nature of our business and given the non-manufacturing nature of our business, we believe that our operations are not major sources of environmental pollution as they do not involve any significant direct air emissions, wastewater emissions, noise emissions and waste generations. Despite the negligible environmental impact directly caused by us, we fully recognise our social responsibilities in managing the environmental impacts associated with our operations, and we have implemented a number of environment-friendly internal policies to reduce our carbon footprint such as reducing the energy and paper consumption: (i) requiring double-sided printing of documents throughout our offices; (ii) switching off or enabling automatic sleep mode of certain IT equipment; (iii) air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air cooling technologies and optimal timing controls; and (iv) designating staff to regularly check and turn off idle electrical appliances.
9. Ensuring occupational health and safety of our employees — To ensure occupational health and safety of our employees while they work outdoor or at advertisement truck, engage in the installation and production of outdoor advertisements, light boxes, booths and participate in other special activities organised by the Group, we have implemented safety management system and safety precautions and would enter into safety agreement with our customers and/or suppliers to set out clearly the safety responsibilities and bearing of liabilities during the performance of the contract. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents, claims for personal or property damage or compensation to employees and we did not experience any material non-compliance of health and work safety.

Impact of ESG-related risks

Owing to our business nature, we are not subject to significant health, work safety, social or environmental risks. In addition, we believe that there is no environmental laws and regulations in respect of air and greenhouse gas emissions, discharge into water and land, and generations of hazardous and non-hazardous waste that would cause a significant impact. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labour and work safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance in relation to health, work safety, social or environmental regulations and had not been involved in any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies. The estimated magnitude of resulting impacts is evaluated over short-, medium- and long-term horizons. In recent years, changing weather patterns due to climate change have increased in frequency of extreme weather conditions. In the medium to long term, increasingly enacted legislation and regulations in response to potential impacts of climate change may have the potential to impact our operations directly or indirectly. We may be required to obtain additional permits, licences or certificates and our customers or our supply chain may also be affected, and may in turn subject us to additional compliance costs and operational restrictions, which could negatively impact our financial condition and results of operations.

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Metrics and targets used for assessment of ESG-related risks

Our Board has set metrics and targets for material KPIs at the beginning of each financial year with reference to the disclosure requirements of Appendix 27 to the Listing Rules. Set forth below are some key metrics and targets for the material KPIs we have currently identified:

- (i) *Greenhouse gas emissions.* In relation to pollutants discharged and emissions, due to the nature of our business, our business does not involve direct emission of large amounts of polluted air. Our daily operations mainly involve indirect greenhouse gas emissions from electricity consumption. We aim to reduce carbon emission by improving energy efficiency in our operation, such as (i) switching off or enabling automatic sleep mode of certain IT equipment when they have been inactive for five minutes; and (ii) air conditioning measures including controlling the temperature settings of air conditioning at 25 degrees celsius, regular maintenance of air cooling technologies and optimal timing controls every six months. Also, we have designated staff to regularly check and turn off idle electrical appliances on a daily basis.

In the future, we target to limit our indirect greenhouse gas emissions by maintaining our electricity consumption (i.e. major source of our indirect greenhouse gas emissions) not to exceed our level of electricity consumption for the previous year (i.e. not to exceed 288 kWh per RMB' million of revenue as the target for FY2023).

- (ii) *Energy and resources consumption.* In relation to the use of energy and resources, the key metrics mainly include the volume of electricity consumed by our offices in kilo-Watt-hour (“kWh”), water consumed by our offices in cubic metre and fuel consumed by our motor vehicles arranged for our employees in litre. The following table sets forth consumption amounts of main energy estimated by us and intensity of energy consumption for the years indicated:

Type of energy/resources	Unit	Consumption		
		FY2020	FY2021	FY2022
Electricity <i>(Note)</i>				
Total consumption amount	kWh	191,667	181,731	178,003
Intensity of electricity consumption	kWh/RMB' million of revenue	463	437	288
Water <i>(Note)</i>				
Total consumption amount	cubic metre	2,436	2,551	2,173
Intensity of water consumption	cubic metre/RMB' million of revenue	5.89	6.13	3.52
Fuel				
Total consumption amount	Litre	4,883	6,707	4,351
Intensity of fuel consumption	Litre/RMB' million of revenue	11.81	16.11	7.04

Note:

This represents electricity and water consumption of our offices which directly paid their respective electricity and/or water bills for the years indicated.

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In the next five years, we strive to optimise resource usage in our daily operations and take initiatives to introduce measures on adopting eco-friendly approaches in our operations. We target to maintain our energy and resources consumption not exceeding our consumption intensities for the previous year (i.e. not exceeding electricity consumption of 288 kWh per RMB' million of revenue, water consumption of 3.52 cubic metre per RMB' million of revenue and fuel consumption of 7.04 litre per RMB' million of revenue as the target for FY2023).

- (iii) *Waste generated.* Our business does not involve direct discharge of pollutants into water and land or generation of hazardous waste. In order to reduce the impact of our disposal of non-hazardous waste on the environment, we monitor our waste discharge level on a regular basis. Non-hazardous wastes generated in our daily operations mainly refer to event materials, which include (i) stage and other large-scale set-up which are made from materials that cannot be reused; (ii) printed promotional materials, such as flyers and leaflets; and (iii) disposables used in sales and marketing activities, such as disposable utensils and sample merchandise, etc.. Generally, after the end of a sales and marketing event, we dispose of or otherwise deal with such event materials as may be instructed by our customers. The following table sets forth purchase amounts of main types of non-hazardous wastes estimated by us for the years indicated:

Type of non-hazardous wastes	Unit	Consumption		
		FY2020	FY2021	FY2022
Stage and other large-scale set-up	Set	3,683	2,408	1,972
Printed promotional materials	Sheet	915,015	323,760	196,087

We have introduced measures on reducing the unnecessary use of materials, such as recommending our employees to extend the service life of event materials and reusing them as many times as possible or in multiple ways to reduce waste. We have worked alongside our customers and other stakeholders in the offline retail operation to reduce, reuse and recycle event materials.

For example, the use of *Lucky Radar* to distribute electronic discount coupons to consumers for their subsequent purchases at offline retail stores helped reduce usage of paper coupons. Also, our provision of online trainings and quizzes to marketers using *MiJob Square* helped reduce distribution of printed training materials. In the future, we will continue to look for technologies that offer eco-friendly event materials and explore different approaches to manage event materials in an environmentally sustainable manner.

We target to maintain zero direct discharge of pollutants into water and land and zero generation of hazardous waste. Also, going forward, we target to maintain our consumption of non-hazardous waste not exceeding our consumption level for the previous year (i.e. not exceeding 1,972 sets of stage and other large-scale set-up and around 196,000 sheets of printed promotional materials as the target for FY2023). Meanwhile, we also encourage our suppliers to use less packaging material, actively separate waste generated from marketing events, as well as in our daily operations, recycle event materials to the extent possible and use environmental friendly event materials as much as possible. To further strengthen our ESG practices and actively reduce consumption of event materials, we intend to enlist environmental protection capability as one of our assessment elements when selecting and evaluating our suppliers. We aim to ensure our suppliers are fully competent in carrying out sustainable operations and exerts continuous effort to minimise environmental impact.

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Internally, the FMES platform which supports our business operation encourage paperless operation. Also, we have adopted internal policy to require double-sided printing of documents throughout our offices. All these initiatives aim to reduce our paper consumption and indirect carbon emissions. For each year of the Track Record Period, we purchased approximately 275,500, 231,500 and 218,000 sheets of paper, respectively, for office use. In the future, we target to maintain our purchase of paper for office use not exceeding the number of paper purchased for the previous year (i.e. not exceeding 218,000 sheets of paper as the target for FY2023).

- (iv) Save for the abovementioned targets, we target to maintain zero environmental pollution accidents for our overall environmental matters.

IMPACT OF COVID-19 PANDEMIC ON OUR OPERATIONS

Since December 2019, a novel strain of COVID-19, has severely impacted China and many other countries. On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. Many businesses and social activities in China and other countries and regions have been severely disrupted, particularly in the first quarter of 2020. Although conditions have substantially improved since late March 2020 in the PRC, there was a slight rebound of number of confirmed cases of COVID-19 in certain cities afterwards. In 2022, a number of positive COVID-19 cases appeared in certain areas of Shanghai and other locations in China, which eventually led to resurgence of COVID-19 outbreak in various parts of China. In response to COVID-19, the PRC government has from time to time imposed various mandatory quarantine, which included temporary lockdown of residential areas and closures of offline retail stores, offices and workplaces and other facilities, implementation of “closed-door” production or work-from-home arrangement of non-essential business and suspension of public transportation. These measures have caused a temporary decline in the business activities in various industries in which our customers operate and the restricted movement of individuals has disrupted the operations of the offline retail network and consumer demand for certain FMCG merchandise and thus, in turn affect our business operations and financial results. Moreover, our operation efficiency was affected to a certain extent because our staff were required to work from home from time to time.

In view of the PRC government’s recent relaxation of the national COVID-19 prevention measures since December 2022 (such as the PRC authorities releasing measures to accelerate the economic recovery and resume normal operations of the society and the lifting up of quarantine measures and travel restrictions), and notwithstanding the soaring of infections in late December 2022 and early January 2023, our Directors remain cautiously optimistic with our operations in the future. With information currently available to our Directors (including (i) the fact that since December 2022 and up to the Latest Practicable Date, there was no cancellation or postponement of contracts/projects; (ii) the fact that we did not experience any material shortage of labour and the number of average monthly active marketers of over 26,000 for January 2023 remained relatively stable as compared with FY2021 and FY2022; (iii) the number of completed tasks of around 69,000 in January 2023 remained relatively stable as compared with other months in the FY2022; (iv) our Group staff has gradually returned to offices and thus, our operation efficiency has gradually resumed to normal; and (v) market information based on our regular communication with our key customers and suppliers) and after taking into account the governmental measures implemented, up to the Latest Practicable Date, our Directors were not aware of any material adverse impact of such relaxation of the national COVID-19 policy and consequent resurgence of COVID-19 in the PRC since late 2022 on the Group’s operations and financial performance. Furthermore, we believe that although there remain significant uncertainties surrounding the COVID-19 outbreak and its recent resurgence temporarily, which may have a negative impact on our operations and financial performance, for instance our business may be affected by the overall economic condition and consumers’ offline activities due to the recent resurgence of COVID-19 and part of our revenue is floating fee income

BUSINESS

that is linked to our customers' sales performance, COVID-19 shall not have a permanent impact on us or materially disrupt our business operations as the demand for our services will gradually resume along with the recovery of the retail market, as well as the retail support service market. Our Directors will continue to assess the impact of the COVID-19 on our operations and financial performance and closely monitor our exposure to the risks and uncertainties in connection with the COVID-19.

During the Track Record Period and up to the Latest Practicable Date, our business operations and financial performance have been temporarily disrupted by COVID-19 and we believe that the business operations of our customers were adversely affected by the COVID-19 pandemic which in turn reduced their willingness in conducting sales and marketing activities, in particular:

- **FY2020** — The COVID-19 pandemic and the corresponding restrictions had a negative impact on (i) the overall sales performance of offline commerce in China; and (ii) our customers' business operations (including but not limited to change in sales and marketing strategies and temporary closure of offline retail stores), and thus, their demands for our customised marketing solution. Our customers' demands for roadshows and marketing campaigns shrank as a result of the COVID-19 pandemic. On the other hand, our employee benefit expenses associated with cost of services, administrative expenses and selling and marketing expenses were relatively less in FY2020 mainly due to the introduction of Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises 《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》 and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration on the extension of the implementation period of the policy of phased reduction and exemption of enterprise social insurance premiums and other issues 《人力資源社會保障部、財政部、稅務總局關於延長階段性減免企業社會保險費政策實施期限等問題的通知》. According to the two said Notices, the deduction in social insurance amounted to RMB5.5 million. For FY2020, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19.
- **FY2021** — Although there was no large-scale outbreak of COVID-19 in FY2021, our revenue from marketers assignment service decreased because the negative impact of the COVID-19 pandemic caused a slowdown in our customers' sales, which led to a decrease in the number of customers who engaged us for marketers assignment service. Nevertheless, we still maintained a stable financial performance with 0.7% growth in our revenue and improvement in gross profit margin from 39.6% for FY2020 to 40.9% for FY2021 as we had successfully promoted our tasks and marketers matching service and SaaS+ subscription during the year. For FY2021, there was no cancellation or postponement of contracts/projects and we did not incur any expense for projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.
- **FY2022** — Notwithstanding the COVID-19 outbreak in early 2022, our revenue increased by 48.5% for FY2022 as compared to FY2021 mainly due to the increase in our revenue from customised marketing solution. Nonetheless, for the same period, 15 contracts were cancelled, postponed or adjusted with less service scope and our Directors estimated and believed that it had resulted in a loss in revenue by RMB13.2 million, representing 2.1% of total revenue for FY2022. Our Directors believe that such cancelled, postponed or adjusted contracts were attributable to the change in our customers' sales and marketing strategies after having considered, among others, impact of COVID-19 and temporary closure of offline retail stores. In addition, we experienced temporary disruption in daily operations, such as our prolonged settlement process to suppliers as a result of administrative disruptions caused by the

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COVID-19 pandemic and certain of our offices were only allowed to remain opened to a limited extent and thus, most of our Group staff were required to work from home from time to time in response to local social distancing measures. Nonetheless, we had not experienced any material difficulties in collecting payments from our customers. For FY2022 and up to the Latest Practicable Date, save for the said 15 contracts, there was no cancellation, postponement or adjustment of contracts/projects. As of the Latest Practicable Date, all such postponed contracts remained postponed and had not resumed. Further, for FY2022 and up to the Latest Practicable Date, we did not incur any expense for delayed and cancelled projects that could not be recovered as a result of COVID-19 and we did not receive any government subsidies that are directly related to COVID-19.

Throughout the COVID-19 pandemic, we have been taking remedial measures to mitigate the impact of the COVID-19 pandemic. Such remedial measures include implementing various precautionary policies to ensure the safety of our employees who work remotely or on-site at offline retail stores, such as adoption of hygiene equipment, thereby enabling our normal business operations without material disruptions. As such, despite the temporary disruptions caused by COVID-19, we were able to sustain our strong growth momentum for our tasks and marketers matching service and SaaS+ subscription and achieve increase in adjusted net profit (non-HKFRS measure) during the Track Record Period. The aggregate revenue from tasks and marketers matching service and SaaS+ subscription increased by 117.5% from RMB34.1 million for FY2020 to RMB74.2 million for FY2021. The aggregate revenue from tasks and marketers matching service and SaaS+ subscription for FY2022 amounted to RMB109.8 million, representing an increase of 48.0% as compared with FY2021. Meanwhile, we recorded net profit of RMB53.9 million, RMB59.0 million and RMB52.7 million for FY2020, FY2021 and FY2022, respectively.

It would be difficult to predict the future development of the COVID-19 pandemic and its impact on the macro-economy and retail support service industry. The extent of any possible business disruption and the related impact on our financial results and outlook cannot be reasonably estimated at this time. Furthermore, we may in the future experience additional disruptions caused by the COVID-19 pandemic that could materially and adversely impact our business operations, financial condition and results of operations, including but not limited to:

- global economic recessions due to reduced level of economic activities and lockdown restrictions, which in turn resulted in decrease in revenue from our services, reductions in subscription duration and value, slower adoption of new technologies and increased price competition;
- inefficiencies, delays and additional costs in sales and marketing and customer service efforts;
- delays or failure to collect receivables from our customers impacted by the COVID-19 pandemic; and
- the possibility that one or more clusters of COVID-19 cases could occur at one of our locations, third-party cloud services providers or other third-party providers, affecting our employees or employees of our customers or other third parties on which we depend.

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Any future outbreak of contagious diseases or similar adverse public health developments, extreme unexpected bad weather, or severe natural disasters would affect all parts of the industry value chain, and in turn our business and operating results. Ongoing concerns regarding contagious disease or natural disasters, particularly its effect on the mobility of consumers, spending patterns regarding merchandise and our customers' budgets on sales and marketing initiatives, could adversely affect the growth and development of offline sales and marketing services market. Government measures regarding mandatory closure of offices and offline retail stores and restricted mobility of individuals as a result of any outbreak of contagious disease or occurrence of natural disasters could materially and adversely affect the overall economy and thus, further affect our business and operating results.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised), the Company shall be held as to 11.98% and 41.90% by Guangjun Sun Holdings and Guangjun Holdings respectively. Guangjun Holdings is owned as to 99% by Summit Plus (which in turn is wholly-owned by Mr. Sun's Family Trust, a discretionary trust set up for the benefit of Mr. Sun and Junshu Holdings) and 1% by Junshu Holdings respectively. Guangjun Sun Holdings is wholly-owned by Junshu Holdings Limited, which in turn is wholly-owned by Mr. Sun. Accordingly, Mr. Sun, Junshu Holdings, Guangjun Sun Holdings, Summit Plus and Guangjun Holdings will be our Controlling Shareholders upon the Listing.

COMPETITION

As of the Latest Practicable Date, each of our Controlling Shareholders (including his/its respective close associates (other than members of our Group)) and Directors (excluding the independent non-executive Directors) confirms that he/it does not have any interest in a business, other than the business of our Group, which competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the Listing.

Management independence

Our Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum presenting at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgement to the decision-making process of our Board. For details on the biographies of our independent non-executive Directors, see "Directors and Senior Management".

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently and capable of managing our business independently from the Controlling Shareholders after the Listing.

Operational independence

Our Directors consider that our operations do not depend on our Controlling Shareholders and their respective close associates for following reasons:

- (i) our Group possesses sufficient capital, technology and human resources to operate its business independently, and holds all the relevant material licences, qualifications, intellectual properties and permits required for conducting that are necessary for our business;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) our Group has an established and complete organisational structure, comprising various separate departments each charged with specific responsibilities;
- (iii) our Group has independent access to our customers, who are predominantly Independent Third Parties;
- (iv) our Group also has independent access to, among others, suppliers, brand partners and other resources required for our Group's business and has not relied on the supplies from the Controlling Shareholders and/or their close associates, and we operate our business independently, with independent rights to make and implement our operational decisions;
- (v) we maintain a set of internal control procedures to facilitate the effective operation of our business. For details on the internal control procedures, see "Business — Risk management and internal controls"; and
- (vi) we have adopted a set of corporate governance practices and manuals, such as rules with respect to the shareholders' meeting, the board meeting, the board committees' meeting and the conduct of connected transactions, pursuant to relevant laws and regulations, to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and its or his respective close associates. Our Directors confirm that our Group will be able to operate independently from our Controlling Shareholders and their close associates upon the Listing.

Financial independence

We have established our own finance department with a team of independent financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently according to our business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders who do not intervene with our use of funds. Our Group makes tax registration and pays tax independently with our own funds. We have also established an independent and sound audit system, a standardised financial and accounting system and a complete financial management system. We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. We have access to independent third-party financing and are capable of obtaining such financing without the need to rely on any guarantee or security provided by our Controlling Shareholders or their respective close associates. We will not rely on our Controlling Shareholders for financing after the Global Offering and we will have sufficient working capital to operate our business independently.

During the Track Record Period and up to the Latest Practicable Date, our Group had certain non-trade related amounts due to/from our Controlling Shareholders, and all such outstanding balances had been fully settled as of the Latest Practicable Date. In addition, certain of our Group's bank and other borrowings were guaranteed by our Controlling Shareholders and/or their respective close associates over the Track Record Period. All such guarantees had been released since August 2022. See also Note 28 to the Accountant's Report of our Group in Appendix I to this prospectus for more information.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Other than the above, our source of funding was independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective close associates, financed our operations during the Track Record Period. Therefore, we have no financial dependence on our Controlling Shareholders.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest to safeguard the interests of our shareholders (including minority shareholders) taken as a whole. In particular, we will implement the following measures:

- (i) a Director with material interests shall make full disclosure in respect of any matters that conflict or potentially conflict with our interest (including transactions in which a Director has an interest in a company that will enter into an agreement with our Group) and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (ii) our Board will include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our shareholders. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement. They are committed to providing an impartial and external opinion to protect the interests of our public shareholders. For further details on our independent non-executive Directors, see “Directors and Senior Management — Directors — Independent non-executive Directors”;
- (iii) our Articles of Association provide that in the event any potential conflicts of interests arise at the shareholders’ level, our Controlling Shareholders shall abstain from voting in the shareholders’ meeting of our Company with respect to the relevant resolution(s);
- (iv) we have established an audit committee, a remuneration committee and a nomination committee to assess and control, and ensure that our Board is appropriately advised, as to matters relating to, among other things, our relationship with our external auditors and internal audit function, the remuneration of our Directors and our senior management, and the composition of our Board. Our audit committee comprises independent non-executive Directors and each of our remuneration committee and nomination committee comprises a majority of independent non-executive Directors. In addition, the chairman of each of our audit and remuneration committees is an independent non-executive Director. For details of our committees and their composition, please refer to the paragraph headed “Directors and Senior Management — Board Committees” in this prospectus;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (v) 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 associates, our Company will comply with the applicable Listing Rules;
- (vi) in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors (including why business opportunities referred to our Company by our Controlling Shareholders were not taken up) either through our Company's annual report or by way of announcements in compliance with the Listing Rules;
- (vii) pursuant to the Corporate Governance Code set out in Appendix 14 to the Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs;
- (viii) we will provide training for our Directors and our senior management team on a regular basis to ensure that they understand their obligations under the Listing Rules; and
- (ix) we have appointed Guotai Junan Capital Limited as our compliance adviser, 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 the Directors' duties and corporate governance.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Upon the Listing, our Board will consist of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business, while our senior management is responsible for the day-to-day management of our business.

The following table sets out certain information about our Directors:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationships with other Directors and senior management
<i>Executive Directors</i>						
Mr. Sun Guangjun (孫廣軍)	52	Executive Director, Chairman and chief executive officer	Overall management of our Group's business operation, making key operational and business decisions, financial decisions, as well as formulating business development plans for the Group	22 September 2008	30 September 2021	Nil
Mr. Yang Hong (楊洪)	56	Executive Director, vice president	Overall management and operation of our Group	1 October 2011	1 July 2022	Nil
<i>Non-executive Directors</i>						
Mr. Li Jianbo (李建波)	52	Non-executive Director	Supervising and providing professional opinion and judgement to our Board	22 November 2015 ⁽¹⁾	1 July 2022	Nil
Mr. Zhong Jiesheng (鍾傑生)	50	Non-executive Director	Supervising and providing professional opinion and judgement to our Board	1 July 2022	1 July 2022	Nil
<i>Independent non-executive Directors</i>						
Ms. Li Yingkai (李營開)	52	Independent non-executive Director	Supervising and providing independent judgement to our Board	23 September 2022	23 September 2022	Nil
Mr. Lau Man Tak (劉文德)	53	Independent non-executive Director	Supervising and providing independent judgement to our Board	23 September 2022	23 September 2022	Nil
Mr. Ngan Wing Ho (顏永豪)	48	Independent non-executive Director	Supervising and providing independent judgement to our Board	23 September 2022	23 September 2022	Nil

Note:

- (1) Mr. Li Jianbo (李建波) first joined our Group by serving as a director of Plus Shanghai between November 2015 and December 2021. He rejoined our Group by serving as our Director in July 2022.

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Sun Guangjun (孫廣軍), aged 52, is our Chairman, chief executive officer and executive Director. Mr. Sun is responsible for overall management of our Group's business operation, making key operational and business decisions, financial decisions, as well as formulating business development plans for the Group.

Mr. Sun has over 26 years' experience in marketing and business development. He held various positions at Procter & Gamble (Guangzhou) Ltd.* (寶潔(廣州)有限公司) from September 1993 to July 1999, including key account manager, unit manager, laundry project manager of customer marketing (mainly responsible for customer business development of fabric care products), market manager and regional sales manager of the South China market. From August 1999 to August 2001, he worked at Reckitt Benckiser Household Products (China) Limited* (利潔時家化(中國)有限公司) as a national key account manager, where he was mainly responsible for international and regional key account business and reporting directly to national sales director. Prior to joining Unilever Services (Hefei) Ltd.* (聯合利華服務(合肥)有限公司), Mr. Sun was the person-in-charge of Shanghai Betterway Market Development Service Co., Ltd. Guangzhou Branch* (上海百達輝琪市場拓展服務有限公司廣州分公司), until October 2004. From February 2004 to December 2006, Mr. Sun worked as a sales development director, a regional general manager, a customer market director and a regional customer development director at Unilever Services (Hefei) Ltd.* (聯合利華服務(合肥)有限公司), where he was mainly responsible for developing business strategies and implementation plan. From February 2007 to January 2009, he served as a general manager of UPM Raflatac (China) Co., Ltd.* (芬歐藍泰標籤(中國)有限公司), formerly known as UPM Raflatac (Changshu) Co., Ltd.* (芬歐藍泰標籤(常熟)有限公司), where he took charge of the overall business operation in China.

Mr. Sun joined our Group in September 2008 and principally devoted his time and resources to our Group. Mr. Sun has held various positions in our Group. From September 2008 to June 2015, Mr. Sun held the position of executive director of Plus Shanghai. Mr. Sun has been acting as the chairman of the board of directors of Plus Shanghai since June 2015. Mr. Sun also served as the general manager of Plus Shanghai from February 2009 to October 2015, and has been acting as the general manager of the same since January 2016.

Mr. Sun obtained a bachelor's degree in polymer physics from University of Science and Technology of China (中國科學技術大學) in July 1993 and an EMBA degree from China Europe International Business School (中歐國際工商學院) in September 2008.

Mr. Yang Hong (楊洪), aged 56, is our executive Director and vice president. Mr. Yang is primarily responsible for overall management and operation of our Group.

Mr. Yang has over 23 years' experience in the marketing and business development. From July 1999 to May 2006 and from June 2006 to April 2008, Mr. Yang worked successively as a deputy general manager of Betterway (Shanghai) Marketing Solutions Co., Ltd.* (上海百達輝琪市場拓展服務有限公司) and Betterway Marketing Solutions Co., Ltd. (上海百達輝琪營銷服務有限公司) respectively, where he was mainly responsible for the business development. He served as a vice president of Guangzhou Grey Star Echo Marketing Communications Co., Ltd.* (廣州吉途仕達商務信息諮詢有限公司) from April 2008 to September 2011, where he was mainly responsible for the functional operation of the company such as financial work, administration, human resource and IT.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang has held various positions in our Group. From October 2011 to June 2014, Mr. Yang served as the financial controller of Plus Shanghai. Mr. Yang has been acting as a deputy general manager since January 2013 and a director since June 2015.

Mr. Yang obtained a bachelor's degree of science in physics education from Suzhou University (蘇州大學) in June 1989.

Non-executive Directors

Mr. Li Jianbo (李建波), aged 52, is our non-executive Director. Mr. Li is primarily responsible for supervising and providing professional opinion and judgement to our Board. Mr. Li served as a director of Plus Shanghai from December 2015 to June 2021.

Mr. Li has over 26 years' experience in marketing and management. From July 1995 to April 1999, he worked at the product supply department of Procter & Gamble (Guangzhou) Ltd. (廣州寶潔有限公司). From April 1999 to January 2011, he served as a director/partner of IBM China Company Limited*, Guangzhou Branch (國際商業機器(中國)有限公司廣州分公司), where he was mainly responsible for running Great China Group consulting business for the general business segment. From March 2011 to April 2016, Mr. Li then served as an executive vice president and subsequently the president of Yonghui Superstores Co., Ltd. (永輝超市股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601933.SH). Mr. Li founded Guangzhou Yoorstore Technology Co., Ltd.* (廣州優思得科技有限公司) in November 2016, where he served as a director until January 2020. He has been acting as the chief executive officer of Yonghui Fresh Food Development Co., Ltd.* (永輝彩食鮮發展有限公司) since February 2020.

Mr. Li obtained a bachelor's degree of engineering in economic management from University of Science and Technology of China (中國科學技術大學) in July 1993, and a master's degree of engineering in management science from the same university in July 1995.

Mr. Zhong Jiesheng (鐘傑生), aged 51, is our non-executive Director. He is primarily responsible for supervising and providing professional opinion and judgement to our Board.

Mr. Zhong has over 26 years' experience in marketing and management. From July 1995 to June 2015, Mr. Zhong served at the customer business development department at Procter & Gamble (Guangzhou) Ltd.* (廣州寶潔有限公司), where he was primarily responsible for management of sales department and overall management of business operation, respectively. From May 2016 to November 2021 and from May 2016 to July 2021, respectively, Mr. Zhong served as a director and the general manager of Chengdu Macko Macromolecule Materials Co., Ltd* (成都邁科高分子材料股份有限公司), respectively, whose shares are listed on the National Equities Exchange and Quotations (stock code: 836843), where he was mainly responsible for developing business strategies and building up the business development team. Mr. Zhong co-founded Shanghai Baoju Enterprise Management Consulting Co., Ltd.* (上海寶琚企業管理諮詢有限公司) in October 2021 and has been serving as the executive director and legal representative since then.

Mr. Zhong obtained a bachelor's degree in computer science from Sichuan University (四川大學) in July 1995.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Li Yingkai (李營開), aged 52, is our independent non-executive Director and is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Ms. Li has over 16 years' experience in management. Ms. Li joined Shenzhen Kaijiangyuan Trading Co., Ltd.* (深圳市凱江源商貿有限公司) (previously known as Shenzhen Yizhi Convenience Advertising Co., Ltd.* (深圳市一紙便利廣告有限公司)) in June 2006, and served as an executive director until December 2009, where she was mainly responsible for the general business management. From September 2008 to November 2017, Ms. Li acted as an executive director of Shenzhen Jiayu Chuanxin Advertising Co., Ltd.* (深圳市駕馭傳信廣告有限公司). From May 2009 to June 2011, Ms. Li worked as the legal representative of Shenzhen Lisheng Damei Advertising Co., Ltd.* (深圳市利盛達美廣告有限公司).

Ms. Li has been acting as a director of Guizhou Laymau Wine Industry Co., Ltd.* (貴州賴茅酒業有限公司) since October 2014. She has also been acting as a supervisor of Shenzhen Kaijiangyuan Trading Co., Ltd.* (深圳市凱江源商貿有限公司) since January 2019. Ms. Li has been acting as the legal representative, general manager and executive director of Tibet Hanze Trading Co., Ltd.* (西藏瀚澤商貿有限公司), of Haorun Holding Investment (Shenzhen) Co., Ltd.* (浩潤控股投資(深圳)有限公司) and Hangzhou Huihan Trading Co., Ltd.* (杭州匯瀚商貿有限公司) since April 2019, May 2019 and June 2019, respectively.

Ms. Li obtained a bachelor's degree of engineering in chemical engineering in July 1992 from Nanjing Tech University (南京工業大學) (previously known as Nanjing Institute of Chemical Technology (南京化工學院)), and a master's degree in business administration in December 2000 from Auckland Institute of Studies (奧克蘭商學院) in New Zealand.

Mr. Lau Man Tak (劉文德), aged 53, is our independent non-executive Director and is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Mr. Lau has over 20 years' of experience in finance and accounting. Mr. Lau was an independent non-executive director of Chinese Food and Beverage Group Limited (華人飲食集團有限公司) (stock code: 8272.HK) since February 2019 before its cancellation of listing of securities on the growth enterprise market of the Stock Exchange in July 2021. He served as an executive director and the chairman of the board of directors of TEM Holdings Limited (創新電子控股有限公司) (stock code: 8346.HK) from October 2015 to January 2021, and is currently a director of TEM Holdings Limited upon its withdrawal of the listing by way of privatisation. Mr. Lau has been acting as the chairman of the board of directors and a non-executive director of REF Holdings Limited since March 2014, a company listed on the Main Board of the Stock Exchange (stock code: 1631.HK). He has been acting as an independent non-executive director of each of Kingston Financial Group Limited (金利豐金融集團有限公司) (stock code: 1031.HK) from October 2005 to March 2023, whose shares were listed on the Main Board of Stock Exchange before its withdrawal of the listing by way of privatisation in February 2023 and Synergis Holdings Limited (昇捷控股有限公司) (now known as ISP Holdings Limited (昇柏控股有限公司)) (stock code: 2340.HK) since September 2017, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau graduated from Hong Kong Polytechnic (香港理工學院) (now known as Hong Kong Polytechnic University (香港理工大學)) with a bachelor's degree of arts in accountancy in November 1991. Mr. Lau was accredited as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in September 1997 and was admitted as a member of the Association of Chartered Certified Accountants in July 1997. He was also accredited as a fellow member by the Hong Kong Institute of Directors in August 2012 and by the Hong Kong Securities and Investment Institute in November 2015, respectively.

Mr. Ngan Wing Ho (顏永豪), aged 48, is our independent non-executive Director and is primarily responsible for supervising and providing independent advice on the operation and management of our Group.

Mr. Ngan has over 22 years' experience in senior management positions in investment banking, corporate, and entrepreneurship areas. In November 1999, Mr. Ngan joined Lehman Brothers Asia Holdings Limited as an analyst in the equity capital markets department. In May 2001, Mr. Ngan joined HSBC Markets (Asia) Limited as an associate in the equity capital markets department. From July 2004 to August 2008, Mr. Ngan served as the head of Taiwan equity capital markets at UBS AG. From September 2008 to December 2010, Mr. Ngan served as the executive director, head of equity syndicate and block origination, Asia in Global Banking and Markets, at the Royal Bank of Scotland N.V. (formally known as ABN AMRO Bank N.V.). From March 2014 to June 2015, Mr. Ngan served as the managing director, head of equity capital markets at Huatai Financial Holdings (Hong Kong) Limited. After leaving Huatai Financial Holdings (Hong Kong) Limited, Mr. Ngan served as a group vice president mainly responsible for investment and mergers and acquisitions at Sanpower Group Corporation* (三胞集團有限公司) in China. From December 2016 to June 2017, Mr. Ngan served as an executive director and the chief financial officer at C.banner International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1028.HK). He was also appointed as a board member of Hamleys Global Holdings Limited in the United Kingdom from April 2016 to September 2018. Mr. Ngan then served as a non-executive director at C.banner International Holdings Limited from June 2017 to April 2018. Prior to establishing Nova Vision Acquisition Corp, Mr. Ngan served as the co-founder and chief executive officer of QF Global Limited, the co-founder and chief executive officer of Alchemy Global Payment Solutions Ltd. and the global chief executive officer of ANA Neo Inc. in Japan. Mr. Ngan has been serving as the chairman of Nova Vision Acquisition Corp since March 2021, a company whose shares are listed on Nasdaq (NASDAQ: NOVV).

Mr. Ngan obtained a bachelor's degree of arts in accounting and finance from University of Plymouth in July 1997 and a master's degree of science in social science in accounting and finance from University of Southampton in the United Kingdom in January 1999. Mr. Ngan participated in the Stanford Ignite Programme of the Stanford Graduate School of Business from September 2016 to November 2016.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management members of our Group are responsible for the day-to-day operations and management of the business of our Group. Our executive Director Mr. Sun Guangjun, also acts as our chief executive officer and our executive Director Mr. Yang Hong, also acts as our vice president. See “— Executive Directors” in this section above for his biographical details. The senior management of our Group, in addition to our executive Directors listed above, is as follows:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management	Relationships with other Directors and senior management
Bai Fuli (白福利)	53	Vice president	Developing our go-to-market strategy	12 October 2015 ⁽¹⁾	12 July 2022	nil
Chen Li (陳力)	44	Financial controller	Management of financial affairs	25 April 2014	12 July 2022	nil
Cui Yanan (崔亞楠)	40	Technical controller	Overseeing research and development	16 October 2016	12 July 2022	nil

Note:

- (1) Mr. Bai firstly joined our Group in November 2015 and served as a supervisor of Plus Shanghai until December 2019. He rejoined our Group in August 2020 by serving as the executive director of Shanghai Chengzhi.

Mr. Bai Fuli (白福利), aged 53, is our vice president. Mr. Bai is primarily responsible for developing our go-to-market strategy. Mr. Bai served as a supervisor of Plus Shanghai from October 2015 to December 2019. From August 2020 to January 2022, he served as the executive director of Shanghai Chengzhi, and has been serving as its supervisor since then.

Mr. Bai has over 26 years’ experience in marketing and business development. From July 1992 to August 2000, he served at the sales department of Procter & Gamble (Guangzhou) Ltd. Beijing Branch* (廣州寶潔有限公司北京分公司). From February 2002 to June 2004, he served as an associate regional director of Colgate-Palmolive (China) Co., Ltd.* (高露潔棕欖(中國)有限公司), formerly known as Colgate-Palmolive (Guangzhou) Company Limited (廣州高露潔棕欖有限公司). From July 2004 to July 2007, he served as a regional manager of Unilever (China) Co., Ltd.* (聯合利華(中國)有限公司). From August 2007 to September 2009, he served as a sales controller of Henkel (China) Investment Co., Ltd. (漢高(中國)投資有限公司). From July 2009 to June 2012, he served as a marketing and sales controller of Cofco Coca-Cola Beverages Limited* (中糧可口可樂飲料有限公司). From July 2014 to June 2016, he served as the general manager of AMER Sports Equipment Trading Shanghai Trading Ltd.* (亞瑪芬體育用品貿易(上海)有限公司). From July 2016 to December 2019, he served as a vice president of Shanghai Naivee Fashion Design Co., Ltd.* (上海納薇服裝設計有限公司).

Mr. Bai obtained a bachelor’s degree in law from Peking University (北京大學) in July 1992. He graduated from China Europe International Business School (中歐國際工商學院) in September 2009 with an EMBA degree.

Ms. Chen Li (陳力), aged 44, is our financial controller and is primarily responsible for management of financial affairs. Ms. Chen served as a senior finance manager from April 2014 to June 2014 and has been acting as the financial controller of Plus Shanghai since July 2014.

DIRECTORS AND SENIOR MANAGEMENT

Before joining our Group, Ms. Chen worked as an assistant to the manager of the financial department of Shanghai Jincheng International Shipping Agency Ltd.* (上海市錦誠國際船務代理有限公司) from November 2000 to April 2014, where she was mainly responsible for assisting financial manager in the management of the finance department and overall financial work. Since June 2020, Ms. Chen has been acting as a supervisor of Etran (Shanghai) New Mechanical and Electrical Technology Co., Ltd.* (埃特朗(上海)機電新技術有限公司), where she is mainly responsible for supervising company's director and senior management team, as well as company's financial affairs.

Ms. Chen obtained a bachelor's degree of management in accounting from Shanghai University of Finance and Economics (上海財經大學) in July 2007. Ms. Chen was accredited by the Ministry of Finance as a medium-level accountant in May 2004 and was accredited as a non-practising member by the Shanghai Institute of Certified Public Accountants in March 2014. She was also accredited by the Institute of Certified Management Accountants as a Certified Management Accountant (CMA) in January 2019.

Mr. Cui Yanan (崔亞楠), aged 40, is our technical controller. He is primarily responsible for overseeing research and development. Mr. Cui joined Plus Shanghai in October 2020 and has been acting as the research & development controller since then.

Mr. Cui has over 16 years' experience in technology development. From July 2006 to July 2016, he worked successively as a software engineer, a research & development team leader, a project manager and a senior researcher of Dalian Yuan Dong Digital Co., Ltd.* (大連遠東數碼有限公司), where he was mainly responsible for leading the design and development of various software products of the company. From August 2016 to September 2020, Mr. Cui worked as a research & development controller and the person-in-charge of Dalian research & development centre of Guangzhou Cema Information Technology Consulting Co., Ltd.* (廣州策碼信息技術諮詢有限公司), where he was mainly responsible for design and development of various software products and daily operation of Dalian research & development centre.

Mr. Cui obtained a bachelor's degree of science in information and computer science from Dalian University of Technology (大連理工大學) in July 2006, and an MBA degree from the same university in December 2012. Mr. Cui passed the National Computer Rank Examination in C programming language (Grade 2) in September 2003 and network technology (Grade 3) in April 2004. He obtained the Qualification Certificate of Computer and Software Technology Proficiency as an Intermediate Software Designer in September 2005.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Mr. Sun, our executive Director and chairman of the Board, was a person-in-charge of the following company, the business licence of which was revoked:

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
Shanghai Betterway Marketing Solutions Co. Ltd. Guangzhou Branch* (上海百達輝琪市場拓展服務有限公司廣州分公司)	PRC	Corporate image planning	Business licence revoked ⁽¹⁾	14 October 2004	Person-in-charge

Note:

- (1) to the best of Mr. Sun's knowledge, information and belief after making reasonable enquiries, the above company did not comply with the statutory annual inspection as required by the relevant PRC laws and regulation. It had no business activity or ceased to have business prior to the revocation of business licence.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang, our executive Director, was the person-in-charge of the following company, the business licence of which was revoked:

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
Shanghai Betterway Marketing Solutions Co. Ltd. Beijing branch* (上海百達輝琪市場拓展服務有限公司北京營銷策劃分公司)	PRC	Marketing services	Business licence revoked ⁽¹⁾	26 December 2007	Person-in-charge

Note:

- (1) to the best of Mr. Yang's knowledge, information and belief after making reasonable enquiries, the above company did not comply with the statutory annual inspection as required by the relevant PRC laws and regulation. It had no business activity or ceased to have business prior to the revocation of business licence.

Ms. Li, our independent non-executive Director, was a person-in-charge of the following company, the business licence of which was revoked:

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
Shenzhen Oaking Information Technology Co. Ltd. Shanghai Branch* (深圳市奧尊信息技術有限公司上海分公司)	PRC	Distribution of computer software, hardware and electronic instruments and equipment, communication equipment	Business licence revoked and deregistered ⁽¹⁾	Business licence revoked on 17 May 2015, deregistered on 9 October 2015	Person-in-charge

Note:

- (1) to the best of Ms. Li's knowledge, information and belief after making reasonable enquiries, the above company did not comply with the statutory annual inspection as required by the relevant PRC laws and regulation. It had no business activity or ceased to have business prior to the revocation of business licence.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau, our independent non-executive Director, was a director of the following companies, which was dissolved either by creditors' voluntary and compulsory winding up or by striking off:

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
Blandor International Limited	Hong Kong	Investment	Dissolved by creditors' voluntary winding up ⁽¹⁾	15 February 2006	Director
Champion Era Limited (昌年有限公司)	Hong Kong	Investment	Dissolved by striking off	21 March 2003	Director
Glad Bright Limited (欣輝有限公司)	Hong Kong	Investment	Dissolved by striking off	6 December 2002	Director
Grandyet Limited (鑑益有限公司)	Hong Kong	Investment	Dissolved by striking off	9 August 2002	Director
Huey Tai Management Services Limited (惠泰管理服務有限公司)	Hong Kong	Investment	Dissolved by striking off	12 July 2002	Director
Huey Tai Properties Management Limited (惠泰物業管理有限公司)	Hong Kong	Investment	Dissolved by striking off	12 July 2002	Director
Huey Tai Property Development Limited (惠泰物業發展有限公司)	Hong Kong	Investment	Dissolved by striking off	12 July 2002	Director
Kingford Investment Company Limited (興發置業有限公司)	Hong Kong	Investment	Dissolved by compulsory winding up ⁽²⁾	30 August 2007	Director
M. Paris Hong Kong Limited	Hong Kong	Fashion retail	Dissolved by creditors' voluntary winding up ⁽¹⁾	10 January 2006	Director
New Delicate Printing Limited (新精印刷有限公司)	Hong Kong	Investment	Dissolved by striking off	23 March 2007	Director
On Line Education Limited	Hong Kong	Investment	Dissolved by compulsory winding up ⁽³⁾	29 November 2006	Director
Renouveau (H.K.) Limited	Hong Kong	Fashion retail	Dissolved by creditors' voluntary winding up ⁽¹⁾	10 January 2006	Director
Sinoboon Limited	Hong Kong	Investment	Dissolved by striking off	11 October 2002	Director
Talow Investment Limited	Hong Kong	Investment	Dissolved by striking off	22 November 2002	Director

DIRECTORS AND SENIOR MANAGEMENT

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
TradeKey Investments Limited (貿點投資有限公司)	Hong Kong	Investment	Dissolved by striking off	21 March 2003	Director
Uniwin Company Limited	Hong Kong	Investment	Dissolved by striking off	11 October 2002	Director
Richmen Investment Limited (富濠投資有限公司)	Hong Kong	Investment	Dissolved by deregistration	10 January 2014	Director
Topwayson Company Limited	Hong Kong	Investment	Dissolved by striking off	10 January 2003	Director

Notes:

- (1) to the best of Mr. Lau's knowledge, information and belief after making reasonable enquiries, Keng Fong Sin Kee Construction and Investment Company Limited ("**Keng Fong**") (presently known as Zensun Enterprises Limited) (stock code: 185) was the ultimate holding company of the subject companies and Mr. Lau was the financial controller of Keng Fong and its group companies ("**Keng Fong Group**"). Because of the Asia financial crisis in around 1998, the business of Keng Fong Group was heavily affected and Keng Fong Group failed to repay its loans. Therefore, the board of directors of Keng Fong decided to wind up the subject companies by means of creditors' voluntary winding up.
- (2) to the best of Mr. Lau's knowledge, information and belief after making reasonable enquiries, Mr. Lau was the financial controller of Keng Fong Group, the holding company of Kingford Investment Company Limited ("**Kingford**"). Because of the Asia financial crisis in around 1998, the business of Keng Fong Group was heavily affected and Kingford failed to pay its rent. Therefore, Kingford's then landlord sued against Kingford for the recovery of the sum of approximately HK\$0.4 million being arrears of rent for the period from 1 November 2000 to 30 April 2001.
- (3) to the best of Mr. Lau's knowledge, information and belief after making reasonable enquiries, Mr. Lau was the financial controller of Keng Fong Group which invested in On Line Education Limited ("**On Line Education**") and nominated Mr. Lau as a director of On Line Education. However, Mr. Lau had never been involved in the management of On Line Education. Later, On Line Education's business declined and On Line Education failed to pay wages to its employees. Therefore, the employees brought an action against On Line Education in the Labour Tribunal for outstanding wages in arrears in the aggregate sum of approximately HK\$1.3 million.
- (4) Save as the above, the dissolved companies as stated above had no business activity or ceased to have business prior to the dissolution.

Mr. Ngan, our independent non-executive Director, was a director of the following company, which was dissolved by striking off and had no business activity or ceased to have business, prior to its dissolution:

Name of the company	Place of incorporation	Principal business	Status	Date of dissolution/ revocation	Position
Clemens Investment Holdings Limited	Hong Kong	Investment	Dissolved by striking off	21 December 2018	Director

DIRECTORS AND SENIOR MANAGEMENT

Each of the above Directors confirmed that, to the best of his/her knowledge, information and belief after making reasonable enquiries, (i) save as Blandor International Limited, Kingford Investment Company Limited (興發置業有限公司), M. Paris Hong Kong Limited, On Line Education Limited and Renouveau (H.K.) Limited (collectively, “**Mr. Lau’s Companies**”), each of the dissolved or revoked companies (as the case may be) above was solvent immediately prior to its dissolution or revocation of business licence and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Lau in his capacity as a director of Mr. Lau’s Companies for their respective dissolution; (ii) there is no wrongful act on the parts of our Directors leading to the dissolution or revocation of business licences; and (iii) he/she is not aware of any actual or potential claim that has been or will be made against him/her as a result of the dissolution or revocation of business licence (as the case may be).

Save as disclosed in this section, “Substantial Shareholders” and Appendix IV to this prospectus and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, each of our Directors confirms that (i) he/she did not hold any other positions or short positions in the Shares, underlying Shares, debentures of our Company and/or any associated corporation (with the meaning of Part XV of the SFO) as of the Latest Practicable Date; (ii) he/she had no other relationship with any Directors, senior management and/or substantial or Controlling Shareholders of our Company as of the Latest Practicable Date; (iii) he/she did not hold any directorships in any public companies the securities of which are listed on any securities market in Hong Kong and/or overseas in the three years immediately preceding the date of this prospectus; and (iv) there are no other matters concerning our Directors’ appointments that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Chow Kit Ting (周傑霆), aged 38, is one of our joint company secretaries. Mr. Chow joined our Group in October 2021, and has been responsible for the secretarial work of the Company since then. Mr. Chow was appointed as the company secretary of our Company on 12 July 2022.

Mr. Chow has over 15 years’ experience in the fields of auditing, accounting, corporate finance, compliance and company secretarial. He worked for an international accounting firm and various private or listed companies as financial controller and company secretary. From July 2018 to July 2021, Mr. Chow worked as an independent non-executive director at Hong Kong Aerospace Technology Group Limited (香港航天科技集團有限公司), formerly known as Eternity Technology Holdings Limited (恒達科技控股有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 1725.HK). He has also been acting as an independent non-executive director of Deyun Holding Ltd. (德運控股有限公司) (Stock Code: 1440.HK) since December 2020.

Mr. Chow obtained a bachelor’s degree of commerce in accounting from Macquarie University, Australia, in November 2007, and an EMBA degree from Chinese University of Hong Kong (香港中文大學) in November 2021. He was accredited as a Certified Public Accountant in CPA Australia and as a member of the Hong Kong Institute of Certified Public Accountants in September 2011 and May 2015, respectively.

Ms. Guo Yan (郭燕), aged 35, is one of our joint company secretaries. Ms. Guo joined our Group in June 2012. Ms. Guo was appointed as one of our joint company secretaries on 12 July 2022.

DIRECTORS AND SENIOR MANAGEMENT

Before joining our Group, Ms. Guo worked as an assistant to the manager and assistant to the national business operation director of Betterway Solutions Services Co., Ltd.* (上海百達輝琪營銷服務有限公司) from July 2010 to June 2012, where she was mainly responsible for marketing promotion activities and collection and analysis of business management data. From June 2012 to April 2014, Ms. Guo worked as an assistant to the general manager's office of Plus Shanghai. From May 2014 to June 2015, Ms. Guo worked as a project manager of Plus Shanghai, where she was mainly responsible for customer service and project execution management. Since July 2015, she has been working as the securities affairs representative of Plus Shanghai.

Ms. Guo graduated from Tongji University Tongke College (同濟大學同科學院) and obtained a bachelor's degree of engineering in mechatronic engineering in July 2010. In July 2015, Ms. Guo obtained a board secretary qualification certificate the Shanghai Stock Exchange.

BOARD COMMITTEES

We have established the following committees within our Board, namely, audit committee, nomination committee and remuneration committee. The committees operate in accordance with the terms of reference adopted by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D.3 in Part 2 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely, Mr. Lau, Ms. Li and Mr. Ngan. Mr. Lau, with appropriate accounting and financial management expertise, is the chairman of the committee. The primary duties of the audit committee are to make recommendations to our Board on the appointment, re-appointment and removal of external auditors; review the financial statements; provide material advice in respect of our financial reporting process; oversee our internal control and risk management systems and audit process; and provide advice and comment to our Board on matters related to corporate governance.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and code provision B.3 in Part 2 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely, Mr. Sun, Ms. Li and Mr. Lau. Mr. Sun is the chairman of the committee. The primary duties of the nomination committee are to make recommendations to review the structure, size and composition (including the skills, knowledge and experience) of our Board; and review and make recommendations to the Board on appointment of Directors and the management of the Board succession.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rules 3.25 and 3.26 of the Listing Rules and code provision E.1 in Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely, Mr. Sun, Mr. Ngan and Ms. Li. Ms. Li is the chairman of the committee. The primary duties of the remuneration committee are to make recommendations to the Board regarding our policy and structure for the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies, and to make recommendations to the Board on the remuneration packages of our Directors and senior management and on the employee benefit arrangement.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills. They obtained degrees in various majors. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. Our Board comprises of one female Director and six male Directors. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

In recognition of the particular importance of the gender diversity, our nomination committee will continue to and from time to time identify suitable candidates of both genders to our Board to be appointed as Directors. We will also continue to ensure that there is gender diversity when recruiting staff at all levels of our Company, including but without limitation at middle to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of the Board. Our Directors believe that such merit-based appointments with reference to our diversity policy and the nature of our business will be in the best interest of our Company and its Shareholders as a whole. To allow our Shareholders to be able to judge whether board diversity is achieved, we will provide our Shareholders with detailed information of each candidate for appointment or re-election to our Board through announcements and circulars published prior to general meetings of our Company.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the Listing, our nomination committee will review the board diversity policy as appropriate from time to time to ensure its continued effectiveness, discuss any revisions and recommend any such revisions to the Board for consideration and approval. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis and monitor the implementation of our board diversity policy.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser upon the proposed Listing pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use proceeds of the Global Offering in a manner different from that detailed in this prospectus;
- (iv) where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (v) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 regarding unusual movements in the price or trading volume of our Shares, the possible development of a false market in our Shares or any other matters.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date, and such appointment may be subject to mutual agreement.

DEVIATION FROM CORPORATE GOVERNANCE CODE

Pursuant to code provision C2.1 of Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Sun is currently serving as the Chairman of the Board as well as the chief executive officer of the Company. He has been primarily involved in developing overall corporate and business strategies of our Group and making significant business and operational decisions of our Group.

Our Directors consider that vesting the roles of both the Chairman of the Board and the chief executive officer of the Company in Mr. Sun is beneficial to the business prospects of our Group by ensuring consistent leadership to the Group as well as prompt and effective decision making and implementation. In addition, our Directors believe that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) the decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Mr. Sun and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors (including Mr. Sun), two non-executive Directors and three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both our Board, and senior management levels.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, we will comply with the requirements under all code provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We will continue to review our corporate governance policies and compliance with the Listing Rules, and will adhere to the relevant principles as set out in the Corporate Governance Code after the Listing.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation from our Group in the form of fees, salaries, bonuses, contributions to pension schemes, allowances and benefits in kind.

The aggregate remuneration (including salaries, discretionary bonuses, contributions to pension plans, housing benefits and other emoluments) received by our Directors were RMB1.2 million, RMB1.6 million and RMB1.7 million for the years ended 31 December 2020, 2021 and 2022, respectively.

The aggregate amount of wages and salaries, discretionary bonuses, contribution to pension plans, housing benefits and other expenses paid to our Company's five highest-paid individuals were RMB2.9 million, RMB4.1 million and RMB4.4 million for the years ended 31 December 2020, 2021 and 2022, respectively.

Pursuant to the arrangements currently in force, the aggregate amount of remuneration (excluding discretionary bonus) payable to and the benefits in kind receivable by our Directors for the year ending 31 December 2023 is estimated to be RMB2.2 million.

The independent non-executive Directors receive fees from the Company. All Directors receive reimbursements from the Company for expenses which are necessary and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company and are paid out of the funds of the Company as fees for their services as directors, such sums (if any) as the Directors may from time to time determine (not exceeding in aggregate an annual sum excluding other amounts payable (e.g. expenses as remuneration for employment) or such larger amount as the Company may by ordinary resolution determine). Save as disclosed above, the Directors are not entitled to receive any other special benefits from the Company. The compensation of the Directors is determined by the Board which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account applicable laws, regulations and rules.

No remuneration was paid by our Group to our Directors or the five highest-paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable during the Track Record Period by our Group to the Directors or senior management.

DIRECTORS AND SENIOR MANAGEMENT

RSU Scheme

We adopted the RSU Scheme on 13 January 2022 to incentivise employees, directors, officers, and consultants for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in the Company.

According to the RSU Scheme, the voting rights attached to the Shares underlying the RSUs are vested with the Trustee prior to the vesting and exercise thereof by the Participant. For details, see “Appendix IV — Statutory and General Information — D. Other Information — 1. RSU Scheme” in this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Subdivision and the Global Offering (assuming that the Over-allotment Option is not exercised), each of the following persons/entities will have an interest and/or short position in Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, 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 our Company:

Name	Nature of Interest	Shares held as of the Latest Practicable Date ⁽¹⁾		Shares held immediately after the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised) ⁽¹⁾	
		Number	Approximate percentage	Number	Approximate percentage
Mr. Sun	Founder of a discretionary trust ⁽²⁾ Interest in controlled corporation ⁽³⁾	67,460,000	67.33%	67,460,000	53.88%
Ms. Tan Hui (譚慧)	Interest of spouse ⁽⁷⁾	67,460,000	67.33%	67,460,000	53.88%
Junshu Holdings	Interest in controlled corporation ⁽²⁾⁽³⁾	15,000,000	14.97%	15,000,000	11.98%
Summit Plus	Interest in controlled corporation ⁽⁴⁾	52,460,000	52.36%	52,460,000	41.90%
Guangjun Sun Holdings	Beneficial owner	15,000,000	14.97%	15,000,000	11.98%
Guangjun Holdings	Beneficial owner	52,460,000	52.36%	52,460,000	41.90%
Mr. Xia	Founder of a discretionary trust ⁽⁵⁾ Interest in controlled corporation ⁽⁵⁾	12,170,000	12.15%	12,170,000	9.72%
Ms. Yan Xiaohang (嚴小航)	Interest of spouse ⁽⁸⁾	12,170,000	12.15%	12,170,000	9.72%
Jonson Xia Smile Holdings	Interest in controlled corporation ⁽⁶⁾	7,180,000	7.17%	7,180,000	5.73%
Hannah Xia Holdings	Beneficial owner	7,180,000	7.17%	7,180,000	5.73%
Trident Trust	Trustee ⁽²⁾⁽⁵⁾	59,640,000	59.52%	59,640,000	47.64%
Kuwei Holdings	Beneficial owner	8,600,000	8.58%	8,600,000	6.87%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date and immediately upon the Global Offering, Guangjun Holdings is held as to 99% by Summit Plus, which is wholly-owned by Mr. Sun's Family Trust and as to 1% by Junshu Holdings, which in turn is wholly-owned by Mr. Sun, respectively. Mr. Sun's Family Trust was established by Mr. Sun as the settlor for the benefit of Mr. Sun and Junshu Holdings with Trident Trust as the trustee. Under the SFO, Mr. Sun is deemed to be interested in all the Shares held by Guangjun Holdings.
- (3) As of the Latest Practicable Date and immediately upon the Global Offering, Guangjun Sun Holdings is wholly-owned by Junshu Holdings, which in turn is wholly-owned by Mr. Sun. Under the SFO, Mr. Sun is deemed to be interested in all the Shares held by Guangjun Sun Holdings.
- (4) As of the Latest Practicable Date and immediately upon the Global Offering, Summit Plus is wholly-owned by Mr. Sun's Family Trust, which in turn is wholly-owned by Mr. Sun.
- (5) As of the Latest Practicable Date and immediately upon the Global Offering, Hannah Xia Holdings is held as to 99% by Jonson Xia Smile Holdings, which is wholly-owned by Mr. Xia's Family Trust and as to 1% by Jonson Xia Holdings, which in turn is wholly-owned by Mr. Xia, respectively. Mr. Xia's Family Trust was established by Mr. Xia as the settlor for the benefit of Mr. Xia and Jonson Xia Holdings with Trident Trust as the trustee. Under the SFO, Mr. Xia is deemed to be interested in all the Shares held by Hannah Xia Holdings.
- (6) As of the Latest Practicable Date and immediately upon the Global Offering, Jonson Xia Smile Holdings is wholly-owned by Mr. Xia's Family Trust, which in turn is wholly-owned by Mr. Xia.
- (7) Ms. Tan Hui is the spouse of Mr. Sun. Under the SFO, Ms. Tan Hui is deemed to be interested in all the Shares held by Mr. Sun.
- (8) Ms. Yan Xiaohang is the spouse of Mr. Xia. Under the SFO, Ms. Yan Xiaohang is deemed to be interested in all the Shares held by Mr. Xia.

Save as disclosed above, our Directors are not aware of any person/entity who will, immediately following the completion of the Share Subdivision and Global Offering (assuming that the Over-allotment Option is not exercised), have an interest and/or short positions in Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or will be, directly or indirectly, 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 our Company or any of our subsidiaries. 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 authorised share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Share Subdivision and the Global Offering:

Authorised share capital

Number of shares	Description of shares	Aggregate nominal value (US\$)
250,000,000 shares of US\$0.0002 each	Authorised share capital as of the date of this prospectus	50,000

Issued and to be issued, fully paid or credited to be fully paid upon completion of the Share Subdivision and the global offering

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately following the completion of the Share Subdivision and the Global Offering will be as follows:

Number of shares	Description of shares	Aggregate nominal value (US\$)	Approximate percentage of issued share capital (%)
100,200,400	Shares in issue at the date of this prospectus	20,040.08	80.03
25,000,000	Shares to be issued pursuant to the Global Offering	5,000	19.97
<u>125,200,400</u>	Shares in total	<u>25,040.08</u>	<u>100</u>

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the completion of the Share Subdivision and the Global Offering will be as follows:

Number of shares	Description of shares	Nominal Value (US\$)	Approximate percentage of issued share capital (%)
100,200,400	Shares in issue at the date of this prospectus	20,040.08	77.70
28,750,000	Shares to be issued pursuant to the Global Offering	5,750	22.30
<u>128,950,400</u>	Shares in total	<u>25,790.08</u>	<u>100</u>

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional and the issue of Shares pursuant to the Share Subdivision and the Global Offering is made as described herein. The above table does not take into account any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares granted to our Directors as referred to below or otherwise.

MINIMUM PUBLIC FLOAT

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued share capital of our Company shall be held by the public (as defined in the Listing Rules).

RANKING

The Offer Shares of our Company will rank equally in all respects with all of the Shares currently in issue or to be issued and, in particular, will qualify for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus except for the entitlement under the Share Subdivision.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and the Articles, 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) subdivide its Shares into Shares of smaller amount; and (iv) 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 share capital redemption reserve by its shareholders passing a special resolution. For details, see “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — 2.4 Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Cayman Companies Act and the terms of the Memorandum and the Articles, all or any of the special rights attached to shares of any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may be varied either 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. For details, see “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — 2.3 Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

SHARE CAPITAL

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 or securities convertible into Shares or options, warranties or similar rights to subscribe for Shares of such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

- (i) the exercise of any subscription rights, warrants which may be issued by our Company from time to time;
- (ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association;
- (iii) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

- (i) 20% of the total number of our Shares in issue upon completion of the Share Subdivision and the Global Offering (excluding any Share which may be issued pursuant to the Over-allotment Option); and
- (ii) the total number of the Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section headed “Share Capital — General Mandate to Repurchase Shares” below.

This general mandate to issue Shares will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) on the date by which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- (iii) when the authority given to our Directors is renewed, varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details on this general mandate, see “Statutory and General Information — A. Further Information about Our Group — 4. Written resolutions passed by the Shareholders on 4 April 2023” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase the Shares with a total number of not more than 10% of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed (and recognised by the SFC and the Stock Exchange for this purpose), and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Cayman Companies Act and all other applicable laws. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the paragraph headed “Statutory and General Information — A. Further Information about Our Group — 4. Written resolutions passed by the Shareholders on 4 April 2023” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiration of the period within which by which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- (iii) when the authority given to our Directors is renewed, varied or revoked by any ordinary resolution of our Shareholders at a general meeting.

For further details on this general mandate, see “Statutory and General Information — A. Further Information about Our Group — 4. Written resolutions passed by the Shareholders on 4 April 2023” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial information included in the Accountant's Report in Appendix I to this prospectus together with the accompanying notes. Our audited consolidated financial information has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including but not limited to, those set forth under "Risk Factors".

OVERVIEW

We are an established sales and marketing service provider, primarily focusing on providing on-site sales and marketing solutions to market-leading FMCG (i.e. fast-moving consumer goods) brand owners and distributors with activities mainly carried out at offline retail stores, such as supermarkets, department stores, outdoor promotional campaigns, etc. During the Track Record Period, we offer four types of services, including (i) customised marketing solution; (ii) tasks and marketers matching service; (iii) marketers assignment service; and (iv) SaaS+ subscription. Our customised marketing solution helps formulate and implement customised sales and marketing plans of our customers' merchandise at offline retail stores, while our tasks and marketers matching service formulates and implements standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance and provides matching recommendation on tasks and suitable marketers. Our marketers assignment service focuses on assignment of our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores, while SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools.

With a view to generating recurring revenue from a wider range of customers, we launched our tasks and marketers matching service and SaaS+ subscription in 2019 and 2020, respectively. Generally, our services require on-site implementation by marketers. Marketers mainly refer to the persons who directly interact with consumers and perform on-site implementation of sales and marketing activities, such as salespersons, frontline staff, etc. In the context of our business operations, we categorise marketers into employee marketers (who have employment relationships with us) and third-party marketers (who do not have any employment or contractual relationships with us). As of the Latest Practicable Date, our marketer pool comprised over 453,000 marketers from more than 320 cities in 31 provinces/municipalities in China and during the Track Record Period, we have accumulated data assets of over 4 million of points of sale.

Our revenue increased by 0.7% from RMB413.6 million for FY2020 to RMB416.3 million for FY2021, and was further increased to RMB618.1 million for FY2022. Customised marketing solution, being our long-established business, contributed the largest share of our revenue, amounting to RMB305.9 million, RMB272.7 million and RMB459.6 million and accounting for 74.0%, 65.5% and 74.4% of our total revenue during each year of the Track Record Period. In response to market demand for result-oriented sales and marketing services that are supported by digitalised tools, we started providing tasks and marketers matching service and SaaS+ subscription in 2019 and 2020, respectively. Driven by our continuous efforts in developing digitalised tools and providing effective services for our customers, we have achieved strong growth in our tasks and marketers matching service and SaaS+ subscription. Revenue from tasks and marketers matching service amounted to RMB32.1 million, RMB59.2 million and RMB82.1 million for FY2020, FY2021 and FY2022, respectively, while revenue from SaaS+ subscription amounted to RMB2.0 million, RMB14.9 million and RMB27.7 million for FY2020, FY2021 and FY2022, respectively. Our gross profit was RMB164.0 million, RMB170.2 million and RMB173.6 million, representing gross profit margin of 39.6%, 40.9% and 28.1% for FY2020, FY2021 and FY2022,

FINANCIAL INFORMATION

respectively. We achieved net profit of RMB53.9 million, RMB59.0 million and RMB52.7 million, representing net profit margin of 13.0%, 14.2% and 8.5%, for FY2020, FY2021 and FY2022, respectively. Our adjusted net profit (Non-HKFRS measure) was RMB53.9 million, RMB67.4 million and RMB70.6 million for FY2020, FY2021 and FY2022, respectively. For a complete reconciliation of our non-HKFRS measures to their most comparable HKFRS measures, see “— Non-HKFRS measures” in this section.

BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (“**FVPL**”) and financial assets at fair value through other comprehensive income (“**FVOCI**”), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 to the Accountant’s Report included in Appendix I.

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations are adopted and consistently applied to the Group throughout the Track Record Period.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and are expected to continue to be materially affected by a number of key factors, many of which are outside of our control, including the following:

General Factors

Our results of operations have been affected by and will continue to be affected by the general conditions affecting the economy as well as the retail support service industry in China, including:

- the overall economic growth in China and development of China’s retail market;
- the growth and competitive landscape of retail support service industry in China, such as the level of maturity of digitalisation in China’s retail market and extent of adoption and acceptance of digitalisation and the demand for retail support services by brand owners and distributors in China;
- the advancement in technologies, which may in turn bring substantial opportunities for businesses and created new areas for them to explore; and
- the governmental regulations, policies, initiatives and incentives affecting China’s retail support services market.

FINANCIAL INFORMATION

Unfavourable changes in any of these general industry conditions could negatively affect demand for our services and negatively and materially affect our results of operations. In addition, the COVID-19 pandemic and the corresponding government measures have also broadly affected the retail market in China. For details on impact of COVID-19 pandemic on our business operations and financial results, see “Business — Impact of COVID-19 Pandemic on Our Operations”.

Specific Factors Affecting Our Results of Operations

Our results of operations have been, and are expected to continue to be, more directly affected by company-specific factors, including the following major factors:

Our ability to maintain a high quality customer base

Since we started to digitalise our business process in 2012, we have achieved initial success in customer acceptance of our services. Leveraging our early mover advantage in supporting our sales and marketing services with digitalised tools and our focus on serving market-leading brand owners and distributors, we have established a strong customer base which has in turn laid a solid foundation for our development and growth in the offline retail industry. We have a strategic focus on market-leading brand owner customers and other reputable customers as we believe that a high-quality and loyal customer base is crucial to our long-term growth and success.

Capitalising our comprehensive service offerings comprising of (i) professional advice in solving our customers’ demand and core challenges, tackling issues and arriving at suitable solutions; (ii) thoughtful and customer-centric services with a focus on listening to and addressing the needs of customers, identifying challenges, and creating long-lasting relationships; and (iii) value-added technical support and assistance in enabling our customers’ staff to digitalise their offline operations step by step and maintaining smooth operation of our digitalised tools, we had 57, 59 and 166 customers for FY2020, FY2021 and FY2022, respectively. For the Track Record Period, a majority of our brand owner customers and most of our top five customers in each year of the Track Record Period are market-leading FMCG brand owners (such as Fortune Global 500 companies, Top 500 Enterprises of China companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence).

Our ability to maintain a solid customer base has allowed us to expand our business by cross selling our service offerings and digitalised tools, and procuring business partners of our customers to be our new potential customers. Our services connect, integrate and consolidate business entities, and have enabled us to continuously expose ourselves to brand owners, distributors and offline retail stores, forming a pool of potential customers from different background and thus providing us with monetisation opportunities on a recurring basis. Also, we believe that continued expansion of our customer base will help improve brand awareness and reputation, thereby attracting more customers to engage us for our services. During the Track Record Period, we primarily market our services through our direct sales force and a number of free traffic sources, including customer referrals and word-of-mouth. In the future, we may also market our services using channel partners. Going forward, we believe our success will continue to largely depend on our ability to further expand our customer base including not only market-leading customers but also SMEs.

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As offline retail operation involves scattered stakeholders, we plan to further develop and launch new digitalised tools with a view to catering for customers from a wider range of industries in addition to the FMCG industry (such as finance and tourism industry) and a greater range of offline retail operation, such as different expected outcomes and a greater variety of daily retail operation. With more comprehensive digitalised tools being available, we plan to encourage more customers to subscribe for our digitalised tools at their own choices for digitalising and standardising their daily retail operation and sales and marketing initiatives.

Our ability to increase customer spending

Our future revenue and business development are dependent on our ability to increase our customers' spending. Over the years, we have been continuously expanding the coverage and applicable circumstances of our service offerings, thereby allowing us to cater to the increasingly diversified customer needs. Meanwhile, we have also upgraded our digitalised tools and developed new features to meet the ever-evolving market demands, thereby enabling better utilisation of our digitalised tools to support our service offerings. We launched our tasks and marketers matching service in 2019 to generate long-term and recurring revenue from a wider range of customers and we then launched SaaS+ subscription in 2020 as an alternative option at a lower cost. We believe that our introduction of result-oriented tasks and marketers matching service and the "performance-based" fee model of our tasks and marketers matching service helped drive the increase in our customers' spending. We generally charge our customers floating performance-based fees calculated based on the results of the performance indicators stipulated by our customers. In general, level of achievement of targeted sales amount is used as performance indicator and our floating fees are calculated using a tiered commission structure. Under one example of our tasks and marketers matching service, we charged a fixed fee based on number of marketers involved and a floating fee based on the actual sales amounts of the offline retail stores using a tiered commission structure. Such floating fee is calculated in the following manner: (i) RMB0 if the actual sales amount is less than 80% of the targeted sales amount; (ii) 1% of the actual sales amount, if the actual sales amount is less than 100% but more than 80% of the targeted sales amount; (iii) 2.5% of the actual sales amount, if the actual sales amount is less than 130% but more than 100% of the targeted sales amount; and (iv) 4% of the actual sales amount, if the actual sales amount is more than 130% of the targeted sales amount, which is capped at a designated maximum floating fee. Despite the economic downturn and on-and-off temporary disruptions caused by COVID-19, our tasks and marketers matching service, which has adopted "performance-based" fee model, was still able to sustain strong growth momentum and achieved increase in gross profit during the Track Record Period. We believe that it was mainly because our customers are more cost-conscious and more willing to pay for services that charge based on the results of the services. Average revenue per customer remained relatively stable at RMB7.3 million and RMB7.1 million for FY2020 and FY2021. Average revenue from customer then decreased to RMB3.7 million for FY2022, mainly because significant increase in number of customers from 59 for FY2021 to 166 for FY2022. Nonetheless, we achieved significant increase in average revenue per customised marketing solution customer from RMB6.7 million for FY2021 to RMB9.0 million for FY2022. The increase was mainly because some of our existing brand owner customers expanded their spendings on customised marketing solution, which was in line with our strategic focus on brand owner customers which had relatively more budgets on sales and marketing.

We believe that our said strategies in relation to our tasks and marketers matching service and SaaS+ subscription also helped strengthen our relationships with our customers and increase customer stickiness. As we continue to offer and enhance our tasks and marketers matching service and SaaS+ subscription, we are capable of improving customer loyalty and spending to generate long-term and recurring revenue, thereby achieving sustainable growth in the long term.

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Our ability to expand the user base of our FMES platform and motivate the offline retail network

Our long-term success depends on the attractiveness of our FMES platform and the growth of our business is also driven by our ability to expand the user base of our FMES platform and motivate the offline retail network, which encompasses distributors, points of sale and marketers. We have accumulated solid customer coverage and established a vast offline retail network. For FY2022, we had 166 customers, including 32 market-leading customers. As at the Latest Practicable Date, we have accumulated an extensive offline retail network covering data assets of over 4 million of points of sale from more than 360 cities in 31 provinces/municipalities in China, and over 453,000 marketers from more than 320 cities in 31 provinces/municipalities in China. Riding on our marketer base, over 72% of the tasks published using digitalised tools had been completed by marketers for FY2022. When marketers use our digitalised tools during on-site implementation, they create data assets. As such, we accumulate data assets using brand popularity of our customers. Our strong and expanding marketer pool helps us expand our customer base, while the expansion of our customer base brings higher task volume. Such higher task volume allows us to motivate marketers to stay active with us and attract more marketers with diverse background and skill sets, which in turn strengthens our capability to match a more suitable marketer for a particular marketing task. Improved task matching capability enables us to enhance our service quality.

These data assets and offline retail network have facilitated our customers in project planning implementation, and distribution and retail processes, enhancing sales performance and market data analytics, etc. Meanwhile, such data assets and offline retail network have prompted us to acquire more customers, whose feedback to the data assets contributed to more user options and upgraded functions of digitalised tools, which in turn enabled us to attract more users, forming a virtuous circle. Meanwhile, we benefit from and are able to monetise such synergistic effects.

Our ability to manage costs and improve operational efficiency

The profitability of our services depends largely on our ability to enhance the operational efficiency. As labour service fees in relation to the freelance workers provided by third-party service providers and employee benefit expenses form a significant portion of our cost of services, administrative expenses and selling and marketing expenses as well as research and development expenses, our ability to manage costs at a reasonable level while expanding our business is important for our results of operations.

As we continue to expand the scale and scope of our service offerings and functionalities of our digitalised tools, we expect to benefit from economies of scale, which can be demonstrated by our ability to maintain relatively stable as percentage to revenue cost of services, administrative expenses, selling and marketing expenses and research and development expenses. Our cost of services accounted for 60.4%, 59.1% and 71.9% of our revenue for FY2020, FY2021 and FY2022, respectively. Meanwhile, our administrative expenses accounted for 15.6%, 18.2% and 12.6% of our revenue for FY2020, FY2021 and FY2022, respectively. Our selling and marketing expenses accounted for 4.5%, 5.0% and 3.1% of our revenue for FY2020, FY2021 and FY2022, respectively. Our research and development expenses accounted for 2.8%, 2.9% and 4.0% of our revenue for FY2020, FY2021 and FY2022, respectively. We seek to further lower our costs and expenses, in particular our labour service fees. If cost and expenses increase significantly and we could not pass such increases to our customers, our profitability would be materially and adversely affected.

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For illustration purposes only, the following table illustrates the sensitivity analysis of hypothetical fluctuation in our cost of services on our profit before income tax during the Track Record Period, assuming all other factors remained constant. The sensitivity analysis adopts hypothetical fluctuations of 5% and 10%.

Increase/(decrease) in profit before income tax	Hypothetical fluctuation in the cost of services			
	+5%	-5%	+10%	-10%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
FY2020	(12,480)	12,480	(24,961)	24,961
FY2021	(12,302)	12,302	(24,604)	24,604
FY2022	(22,227)	22,227	(44,454)	44,454

Continuous investment in product and technology innovation

We have made, and will continue to make, significant investments in services and technology development to strengthen our position in the retail support services market, as well as retail sales and marketing services market in China. We will continue to invest resources to attract more talented R&D staff and further develop and apply advanced technologies, such as cloud-based platform as a service (PaaS), big data analytics and various algorithms, to upgrade and develop new functionalities of our digitalised tools and enhance our service offerings. For details, see “Business — Our growth strategies — Enhance our R&D capabilities and develop advanced sales and marketing digitalised tools as well as attracting and retaining R&D talents” and “Business — Our Research and development”.

We incurred research and development expenses of RMB11.7 million, RMB12.2 million and RMB25.0 million for FY2020, FY2021 and FY2022, respectively. Going forward, we will continue to prudently invest resources in R&D in a cost-effective manner to support the long-term growth of our business. We expect such investments will be conducive to driving our business growth and customer loyalty, having a long-term positive impact on our results of operations and growth prospects.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgement based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Our significant accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in details in Notes 2 and 4 to the Accountant’s Report included in Appendix I to this prospectus. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements.

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Revenue Recognition

Revenues are recognised when or as the control of the services is transferred to our customers. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

Control of the service is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, we present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for services that we have transferred to a customer. A receivable is recorded when we have an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or our Group has a right to an amount of consideration that is unconditional, before we transfer service to the customer, we presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

We recognise costs incurred in obtaining contracts with customers that are directly associated with the contracts as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the services to which the asset relates.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict our performance in satisfying the performance obligation:

- direct measurements of the value transferred by us to our customer; or
- our efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

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We adopted output methods to recognise its revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract. Our service contracts for which internal or customers' project managers will certify the work on a specific time interval basis over the service period.

The payment terms differed for different customers due to the variety of projects. Tasks and marketers matching service and marketers assignment service are charged on monthly basis while customised marketing solution and SaaS+ subscription services are charged on project basis. Most of the payment is payable with credit term of 30–180 days. We do not intend to give a financing to customers and we make efforts to collect the receivables and timely monitor the credit risk.

For revenue from our services that contain variable consideration such as variations in the performance of the labour and incentive payment, we estimate the amount of consideration to which it will be entitled using the most likely amount. The estimated amount of variable consideration is included in the transactions price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, we update the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

We measure the value of services performed based on output method, which is to recognise revenue on the basis of direct measurement of the value of services transferred to the customer to date relative to the remaining services promised to be completed under the service contracts. The services contracts normally complete within a year. We estimate the revenue at the commencement of the service contracts and regularly assesses the progress of projects as well as the financial impact of cost incurred, scope changes, claims and disputes. Our estimate of revenue and the completion status of service contracts requires significant judgement and has a significant impact on the amount and timing of revenue recognised. There are internal and customers' project managers to measure the value of the services completed for each project periodically and issue internal progress reports. We regularly review and revises the estimation of contract revenue prepared for each service contract as the contract progresses based on internal progress reports or confirmation from customers' project managers. See Note 4(a) to the Accountant's Report in Appendix I to this prospectus, for details in relation to our estimates and judgements on revenue recognition.

(a) Customised marketing solution

Our customised marketing solution formulates and implements customised sales and marketing plans of our customers' merchandise at offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

The activities from customised marketing solution all together form a single performance obligation as we provide an integrated service. Revenue is recognised over time as the customers simultaneously receive and consume the benefits provided by our performance.

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(b) *Tasks and marketers matching service*

Our tasks and marketers matching service formulates and implements standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance. In particular, our customers' marketing tasks are published via our digitalised tool, namely *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendation on tasks and suitable marketers. Also, with the aim to achieving our customers' performance targets, we regularly evaluate the impact of our services on sales performance.

Revenue from tasks and marketers matching service is recognised over time as the customers simultaneously receive and consume the benefits provided by our performance.

(c) *Marketers assignment service*

Our marketers assignment service assigns our employee marketers to execute sales and marketing duties as instructed by our customers at designated offline retail stores and helps manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.

The marketers assignment service revenue is recorded over time as the customers simultaneously receive and consume the benefits provided by our performance of the monthly administration work.

(d) *SaaS+ subscription*

Our SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

Revenue from SaaS+ subscription service which including data subscription and system set up is under separate contracts and they are considered as distinct performance obligations. The revenue is recognised over time. When providing the system set-up service, our performance does not create an asset with an alternative use to us and has an enforceable right to payment for performance completed to date. Besides, the customer simultaneously receives and consumes the benefits of subscription service provided by us as we perform. We generally charge our customers with service fee for system set up and a fixed subscription fee over the contract period.

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(e) Principal versus agent considerations

Determining whether we are acting as a principal or as an agent in the provision of certain services to our customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of our role as a principal or agent, we consider, individually or in combination, whether we control the specified service before it is transferred to our customers, are primarily responsible for meeting customers' specifications, are subject to the risk associated with employment, and have discretion in establishing prices.

We follow the accounting guidance for principal-agent considerations to assess whether we controls the specified service before it is transferred to the customer and also 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 including whether the entity has discretion in selecting suppliers; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; (c) whether the entity has discretion in establishing the prices for the specified service. Our Directors consider the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgement when assessing the indicators depending on different circumstances. See Note 4(b) to the Accountant's Report in Appendix I to this prospectus, for details in relation to our estimates and judgements on principal versus agent considerations.

(i) Customised marketing solution

Revenue from customised marketing solution is recognised on a gross basis over time while the contract costs to fulfil a contract, such as labour costs, event consumables and operating cost are recognised as cost of services. We act as a principal due to the following reasons:

- We have control over the selection and evaluation of service personnel, such as discretion on salary package and key performance indicators of the staff employed and has the primarily responsibility for the quality and stability of the available staffing resources.
- We are subject to the risks associated with employment of the employees. We have discretion in managing the specified implementation of service plans, such as promotion strategies, personnel scheduling, and daily management plan.
- We are primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers and are subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- We have price discretion on the amount paid to suppliers and it controls the price setting to our customers based on the nature and timing of individual projects.

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(ii) Tasks and marketers matching service

Revenue for tasks and marketers matching service is recognised on a gross basis over time while the costs to fulfil a contract, such as operating cost and labour costs are recognised as cost of services. We act as a principal due to the following reasons:

- We act as organisers and project leaders in providing standardised promotion service implemented, such as budget management, assisting with sales and marketing activities, and other day-to-day operations.
- We are primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers.
- We have discretion on the choice of supplier and resources input in the projects and are subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- We have price discretion on the amount paid to suppliers and it controls the price setting to our customers based on the nature and timing of individual projects.

(iii) Marketers assignment service

Revenue from marketers assignment service is recognised on a net basis over time which the labour costs paid to the employees are recorded as net off revenue. We act as an agent due to the following reasons:

- We provide advice to the customers but lack of control over the services implementation plan.
- We have no control over the daily performance or work schedule of the labour. For example, we have no discretion on salary level of staff employed.
- We assist the selection of and signing off of the labour contracts with hired personnel according to the final decision made by the customers. We have minimal risk on the recruited employees as we could receive full recovery on the labour costs from its customers.

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(iv) SaaS + subscription

Revenue for SaaS+ subscription is recognised on a gross basis over time while the costs to fulfil a contract, such as operating costs and labour costs for the set up services are recognised as cost of services. We act as a principal due to the following reasons:

- We are the organiser of the services and primarily responsible for fulfilling the promise to provide the specified services to the customers.
- We control the specified data and the digitalised tools before it is transferred to the customer.
- We have the discretion on the choice of supplier and resources input in the projects and are subject to risk of failure to fulfil the requirement from the customers.
- We have price discretion on the amount paid to suppliers and it controls the price setting to our customers based on the nature and timing of individual projects.

(f) Existence of significant financing component

We do not expect to have any contracts where the period between the transfer of the promised services to our customer and payment by our customer exceeds one year. As a consequence, we do not adjust any of the transaction prices for the time value of money.

(g) Practical expedient

As a practical expedient, we elected not to disclose the information for remaining performance obligations of our services as the contract have an original expected duration of less than one year.

See Note 2.22 to the Accountant's Report in Appendix I to this prospectus for further details.

Current and deferred income taxes

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

We are principally subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. See Note 4(d) to the Accountant's Report in Appendix I to this prospectus, for details in relation to our estimates and judgements on current and deferred income taxes.

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(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where our Company and our subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. See Note 2.19 to the Accountant's Report in Appendix I to this prospectus for further details.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. We hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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Trade receivables from our certain customers, whose contractual cash flows represent solely payments of principal and interest, were factored to reputable financial institutions under non-recourse factoring arrangement according to our daily fund management needs. These trade receivable's business model are therefore achieved both by collecting contractual cash flows and selling these assets and measures them subsequently at fair value through OCI.

See Note 3.1(b)(iii) to the Accountant's Report in Appendix I to this prospectus, for our impairment policies and Note 2.12 to the Accountant's Report in Appendix I to this prospectus for accounting policies on trade and other receivables.

Contract assets and contract liabilities

Upon entering into a contract with a customer, we obtain rights to receive consideration from the customer and assumes performance obligations to provide services to the customer. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, a contract liability represents our obligation to transfer the aforesaid services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract assets are recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. See Note 4(a) and Note 2.13 to the Accountant's Report in Appendix I to this prospectus for more details on the criteria and timing for recognition of revenue including how we assess and determine the amount of unbilled work in progress in relation to services render to customers.

Contract assets are assessed for expected credit losses, further details are set out in Note 3.1(b)(iii) to the Accountant's Report in Appendix I to this prospectus, and are reclassified to receivables when the right to the consideration has become unconditional. See Note 2.13 to the Accountant's Report in Appendix I to this prospectus for accounting policies on contract assets and contract liabilities.

Impairment loss of trade receivables and contract assets

Our Group follows the guidance of HKFRS 9 to determine whether trade receivables and contract assets are impaired. Significant judgement is exercised on the assessment of the risk of default and expected credit losses from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including payments schedule, customers' financial positions and expected future change of credit risks, including consideration of factors such as general economy measure, changes in macro-economic indicators, etc. See Note 3.1(b)(iii) to the Accountant's Report in Appendix I to this prospectus, for details of assumptions and inputs used, and Note 4(c) to the Accountant's Report in Appendix I to this prospectus, for details in relation to our estimates and judgements on impairment loss of trade receivables and contract assets.

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PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table summarises the consolidated statements of comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountant's Report in Appendix I to this prospectus.

	FY2020 <i>RMB '000</i>	FY2021 <i>RMB '000</i>	FY2022 <i>RMB '000</i>
Revenue	413,571	416,289	618,110
Cost of services	<u>(249,605)</u>	<u>(246,040)</u>	<u>(444,543)</u>
Gross profit	163,966	170,249	173,567
Administrative expenses	(64,312)	(75,886)	(77,874)
Selling and marketing expenses	(18,704)	(20,769)	(19,308)
Research and development expenses	(11,743)	(12,161)	(25,019)
Other income	8,393	24,688	27,894
Other gains — net	240	464	1,002
Reversal of impairment losses/(impairment losses) on financial assets	<u>257</u>	<u>(463)</u>	<u>(553)</u>
Operating profit	78,097	86,122	79,709
Finance income	61	136	162
Finance costs	<u>(4,554)</u>	<u>(4,916)</u>	<u>(3,073)</u>
Finance costs — net	<u>(4,493)</u>	<u>(4,780)</u>	<u>(2,911)</u>
Share of (losses)/profit of associates — net	<u>(169)</u>	<u>111</u>	<u>(200)</u>
Profit before income tax	73,435	81,453	76,598
Income tax expenses	<u>(19,538)</u>	<u>(22,443)</u>	<u>(23,896)</u>
Profit for the year	<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Attributable to:			
Owners of the Company	53,874	58,664	52,702
Non-controlling interests	<u>23</u>	<u>346</u>	<u>—</u>
	<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	53,874	58,664	52,702
Non-controlling interests	<u>23</u>	<u>346</u>	<u>—</u>
	<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Earnings per share attributable to the owners of the Company			
Basic and diluted (expressed in RMB per share)	<u>0.54</u>	<u>0.59</u>	<u>0.53</u>

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Non-HKFRS measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that such 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 the adjusted net profit (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies.

We defined adjusted net profit (non-HKFRS measure) as profit for the years adjusted by adding back Listing expenses. We exclude Listing expenses because Listing expenses are expenses related to the Global Offering. Therefore, Listing expense is added back to the adjusted net profit (non-HKFRS measure) with a view to eliminating the potential impacts of such items. The Directors believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measure provides useful information to potential investors and management in better reflecting our underlying operating performance and facilitating a better comparison of our underlying operating performance from period to period. Adjusted net profit (non-HKFRS measure) is not a measure required by, or presented in accordance with, HKFRS. The use of adjusted net profit (non-HKFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial position as reported under HKFRS.

The following table reconciles our adjusted net profit for the years (non-HKFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	53,897	59,010	52,702
<i>Add:</i>			
Listing expenses	<u>—</u>	<u>8,370</u>	<u>17,853</u>
Adjusted net profit (non-HKFRS measure)	<u>53,897</u>	<u>67,380</u>	<u>70,555</u>

Our adjusted net profit (non-HKFRS measure) amounted to RMB53.9 million, RMB67.4 million and RMB70.6 million for FY2020, FY2021 and FY2022, respectively. Our adjusted net profit margin (non-HKFRS measure) was 13.0%, 16.2% and 11.4% for FY2020, FY2021 and FY2022, respectively.

Revenue

During the Track Record Period, we generated revenue primarily from services fees charged on (i) customised marketing solution, (ii) tasks and marketers matching service, (iii) marketers assignment service and (iv) SaaS+ subscription. For FY2020, FY2021 and FY2022, our total revenue amounted to RMB413.6 million, RMB416.3 million and RMB618.1 million, respectively.

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The following table sets forth a breakdown of our revenue by service types for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	305,888	74.0	272,724	65.5	459,623	74.4
Tasks and marketers matching service	32,127	7.7	59,238	14.2	82,062	13.3
Marketers assignment service	73,583	17.8	69,412	16.7	48,713	7.8
SaaS+ subscription	1,973	0.5	14,915	3.6	27,712	4.5
Total	413,571	100.0	416,289	100.0	618,110	100.0

Customised marketing solution

Our customised marketing solution formulates and implements customised sales and marketing plans of our customers' merchandise at offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, we set up venues, arrange marketers and event consumables and facilitate overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies. See "Business — Our service offerings — Customised marketing solution" for further details. For FY2020, FY2021 and FY2022, we derived revenue from our customised marketing solution of RMB305.9 million, RMB272.7 million and RMB459.6 million, respectively, accounting for 74.0%, 65.5% and 74.4% of our total revenue for the corresponding periods.

Tasks and marketers matching service

Our tasks and marketers matching service formulates and implements standardised sales and marketing activities for our customers' merchandise at offline retail stores with a view to enhancing our customers' sales performance. In particular, our customers' marketing tasks are published via our digitalised tool, namely *Touchkit*. We analyse historical task performance of marketers to identify their strengths and characteristics. With such analysis, we provide matching recommendation on tasks and suitable marketers. Also, with the aim to achieving our customers' performance targets, we regularly evaluate the impact of our services on sales performance. See "Business — Our service offerings — Tasks and marketers matching service" for further details. For FY2020, FY2021 and FY2022, we derived revenue from our tasks and marketers matching service of RMB32.1 million, RMB59.2 million and RMB82.1 million, respectively, accounting for 7.7%, 14.2% and 13.3% of our total revenue for the corresponding periods.

Marketers assignment service

Our marketers assignment service assigns our employee marketers to execute sales and marketing duties based on our customers' instructions at designated offline retail stores and helps manage human resources-related administration matters of these employee marketers. In particular, we enable our customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, our customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers. See "Business — Our service offerings — Marketers assignment service" for further details. For FY2020, FY2021 and FY2022, we derived revenue from our marketers assignment service of RMB73.6 million, RMB69.4 million and RMB48.7 million, respectively, accounting for 17.8%, 16.7% and 7.8% of our total revenue for the corresponding periods.

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Revenue for marketers assignment service is recognised on a net basis over time which the labour costs paid to the employees are recorded to net off gross transaction amounts. While we enter into employment contracts with the employee marketers, under applicable accounting treatment, we are treated as our customers' agent. Detailed analysis on the accounting treatment for recognising revenue for marketers assignment service on a net basis, in particular, according to HKFRS 15 B35A(b) and B37 is set out below:

- (i) the selection and recruitment of employee marketers candidates are designated/confirmed by our customers, whereas we may recommend employee marketers with appropriate experience and skills to our customers at the recruitment process;
- (ii) we should carry out marketers assignment service according to the implementation plan which was approved by our customers at early stage and any amendment to the implementation plan requires further approval by our customers;
- (iii) we do not have discretion over the daily performance and work schedule of the employee marketers but we may provide advice to our customers on the implementation of sales and marketing services carried out by the employee marketers with a view to improving sales performance and providing customer's designed trainings as required by our customers to the employee marketers in order to enhance their work performance;
- (iv) the level of salaries of employee marketers is determined by our customers and any adjustment to the level of salaries of employee marketers must be approved by our customers; and
- (v) if our customers consider that performance of any employee marketer being unsatisfactory, our customers have the right to request the replacement of such employee marketer. We generally do not have discretion over the dismissal of employee marketers.

Based on the above, we have no control/discretion over the daily performance of the employee marketers. Although the services provided by us under marketers assignment service, such as recommendations on recruitment and trainings, may indirectly (positively) affect the performance of employee marketers (and therefore sales performance, and in turn our performance-based revenue), such services are only provided upon our customer's approval and major decisions in relation to the employment, level of salaries, daily performance and work schedule and dismissal of the employee marketers are generally made by our customers. Further details are set out in Note 2.22(e) to the Accountant's Report in Appendix I to this prospectus. The majority of the fees that we received from our customers under marketers assignment service were paid out to the employee marketers as salaries and benefits. Recognising the revenue on a net basis therefore allow us to give a more accurate reflection of our business model.

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Set forth below is the breakdown of our gross transaction amounts from marketers assignment service and reconciliation between the gross transaction amounts and revenue recognised:

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross transaction amounts from marketers assignment service	1,059,106	1,128,950	763,128
Employee benefit and disbursements	985,523	1,059,538	714,415
Revenue from marketers assignment service	73,583	69,412	48,713

SaaS+ subscription

Our SaaS+ subscription offers customisation (on an as-needed basis) and subscription for our readily-available digitalised tools. In particular, our digitalised tools support our customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions. See “Business — Our service Offerings — SaaS+ subscription”. The revenue from our SaaS+ subscription was RMB2.0 million, RMB14.9 million and RMB27.7 million, accounting for 0.5%, 3.6% and 4.5% of our total revenue for FY2020, FY2021 and FY2022, respectively.

Geographical area

All our revenue are based in the PRC for the Track Record Period. The following table sets forth a breakdown of our revenue by geographical area of our customers for the years indicated:

	FY2020		FY2021		FY2022	
	<i>Revenue</i> <i>RMB'000</i>	%	<i>Revenue</i> <i>RMB'000</i>	%	<i>Revenue</i> <i>RMB'000</i>	%
East China ⁽¹⁾	181,887	44.0	200,184	48.1	226,853	36.7
South China ⁽²⁾	203,703	49.3	154,035	37.0	327,642	53.0
North China ⁽³⁾	24,272	5.9	54,394	13.1	54,952	8.9
Others ⁽⁴⁾	3,709	0.9	7,676	1.8	8,663	1.4
Total	413,571	100.0	416,289	100.0	618,110	100.0

Notes:

- (1) Included customers from Jiangsu, Shanghai, Zhejiang and other provinces/municipalities in East China.
- (2) Included customers from Guangdong, Guangxi and Hainan.
- (3) Included customers from Beijing, Tianjin, Shanxi and other provinces/municipalities in North China.
- (4) Included customers from Hubei, Sichuan, Henan and other provinces/municipalities in China except East China, South China and North China.

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We generated most of our revenue from customers located in East China and South China, which in aggregate contributed revenue of RMB385.6 million, RMB354.2 million and 554.5 million and accounted for 93.3%, 85.1% and 89.7% of our total revenue for each year during the Track Record Period, respectively. Our revenue generated from customers located in North China increased substantially from 5.9% of our total revenue for FY2020 to 13.1% and 8.9% of our total revenue for FY2021 and FY2022, respectively, mainly because we expanded our business presence in Beijing and thus, generated increased revenue from customers in Beijing.

Floating fees income

During the Track Record Period, we charged our customers fixed service fees and/or floating fees for our customised marketing solution, tasks and marketers matching service and marketers assignment service. The following table sets forth a breakdown of our revenue from floating fees income by types of services for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	% of Revenue	RMB'000	% of Revenue	RMB'000	% of Revenue
Customised marketing solution	7,739	1.9	7,674	1.8	3,294	0.5
Tasks and marketers matching service	17,103	4.1	34,869	8.4	45,575	7.4
Marketers assignment service	11,016	2.7	10,104	2.4	6,536	1.1
SaaS+ subscription <i>(Note)</i>	—	—	—	—	—	—
Total	35,858	8.7	52,647	12.6	55,405	9.0

Note: There are no floating fees arrangements for our SaaS+ subscription services. We generally charge our customers with fixed service fees for customisation of our digitalised tools on a as-needed basis and a fixed subscription fee over the contract period, which is determined with reference to similar digitalised tools in the market.

Customised marketing solution

For FY2020, FY2021 and FY2022, our floating fees income generated from customised marketing solution amounted to RMB7.7 million, RMB7.7 million and RMB3.3 million, representing 2.5%, 2.8% and 0.7% of our revenue generated from customised marketing solution, respectively.

Our floating fees income generated from customised marketing solution remained relatively stable at RMB7.7 million for both FY2020 and FY2021. Our floating fees income generated from customised marketing solution decreased significantly from RMB7.7 million for FY2021 to RMB3.3 million for FY2022, which was primarily due to the decrease in the proportion of floating fees arrangement and some of our newly engaged projects were charged on fixed fee basis only.

Tasks and marketers matching service

For FY2020, FY2021 and FY2022, our floating fees income generated from tasks and marketers matching service amounted to RMB17.1 million, RMB34.9 million and RMB45.6 million, representing 53.2%, 58.9% and 55.5% of our revenue generated from tasks and marketers matching service, respectively. The increasing trend of our floating fee income generated from tasks and marketers matching service from FY2020 to FY2022 was generally in line with the growth of our tasks and marketers matching service business.

During the Track Record Period, there was no material differences between the amounts of floating fees income estimated/calculated and recognised by the Group and the amounts of floating fees confirmed by our customers.

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Marketers assignment service

For FY2020, FY2021 and FY2022, our floating fees income generated from marketers assignment service amounted to RMB11.0 million, RMB10.1 million and RMB6.5 million, representing 15.0%, 14.6% and 13.4% of our revenue generated from marketers assignment service, respectively.

For FY2020 and FY2021, our floating fees income generated from marketers assignment service remained relatively stable at RMB11.0 million and RMB10.1 million, respectively. Our floating fee income generated from marketers assignment service decreased from RMB10.1 million for FY2021 to RMB6.5 million for FY2022, which was generally in line with the decrease in revenue generated from marketers assignment service over the same period.

Cost of services

Our cost of services primarily consisted of (i) labour service fees; (ii) employee benefit expenses; (iii) event consumables; (iv) travel and transportation expenses; (v) research, development and technical service expenses; (vi) impairment losses on inventories; and (vii) other expenses. For FY2020, FY2021 and FY2022, our cost of services amounted to RMB249.6 million, RMB246.0 million and RMB444.5 million, respectively.

The following table sets forth a breakdown of our cost of services and as a percentage of our cost of services for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Labour service fees ⁽¹⁾	197,806	79.3	182,310	74.2	154,263	34.7
Employee benefit expenses ⁽²⁾	7,659	3.1	9,424	3.8	248,792	56.0
Event consumables ⁽³⁾	29,238	11.7	38,354	15.6	22,320	5.0
Travel and transportation expenses	10,030	4.0	10,611	4.3	9,315	2.1
Research, development and technical service expenses ⁽⁴⁾	1,285	0.5	4,729	1.9	8,823	2.0
Impairment losses on inventories ⁽⁵⁾	1,755	0.7	—	—	—	—
Other expenses	1,832	0.7	612	0.2	1,030	0.2
Total	249,605	100.0	246,040	100.0	444,543	100.0

Notes:

- (1) Labour service fees mainly represented fees incurred in relation to third-party marketers engaged through labour service providers.
- (2) Employee benefit expenses mainly represented salaries and benefits paid to our staff (including Group staff and employee marketers).
- (3) Event consumables mainly represented production costs, event materials purchase fees, meeting and training fees and venue fees.
- (4) Research, development and technical service expenses mainly represented the expenses associated with the provision of SaaS+ subscription.
- (5) Impairment losses on inventories mainly represented provision of loss allowance for our candy products.

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The following tables sets forth the breakdown of our cost of services by type of services.

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	218,414	87.5	190,684	77.5	368,665	82.9
Tasks and marketers matching service	21,770	8.7	42,474	17.2	61,676	13.9
Marketers assignment service	8,003	3.2	7,779	3.2	4,980	1.1
SaaS+ subscription	1,418	0.6	5,103	2.1	9,222	2.1
Total	249,605	100.0	246,040	100.0	444,543	100.0

The significant increase in cost of services associated with customised marketing solution from RMB190.7 million for FY2021 to RMB368.7 million for FY2022 was mainly because the revenue contribution of three of our top five customers for the Track Record Period, increased from 19.6% of our revenue for FY2021 to 50.2% for FY2022. Such increase in contribution was mainly due to the fact that these three customers switched from our marketers assignment service to our customised marketing solution, to cater for changes in their sales and marketing strategies in response to the prevailing changes in their industries. The employee benefit and disbursements paid to these employee marketers were originally recorded to net-off the gross transaction amounts of revenue generated from marketers assignment services, where under customised marketing solution, such expenses were recorded in full in our cost of services as employee benefit expenses. Further, the customised marketing solution projects in relation to these customers were relatively more labour intensive than our other customised marketing solution projects as these customers required their products to be promoted in multi-locations with an aim to improve their sales performances. Thus, compared with other promotional activities and marketing events, which may require more event consumables rather than labour, these projects required more of our employee marketers to cover such locations.

Labour service fees

Labour service fees of customised marketing solution and tasks and marketers matching service mainly represented fees incurred in relation to third-party marketers engaged through labour service providers for on-site implementation of our services, whereas labour service fees of marketers assignment service mainly represented service fees of third-party human resources agencies relating to the payment of social insurance and housing provident funds for certain of our employees. These third-party marketers are not employees of the Group and we do not directly pay them. Instead, we enter into service contract with labour service suppliers and pay them service fees, which in turn make payments of salaries/service fees to third-party marketers. Remuneration of third-party marketers engaged by the Group for tasks and marketers matching service varies for different tasks, which generally includes a combination of fixed fees, which are calculated based on their actual attendance or number of completed tasks, and performance-based commissions, which are typically calculated based on stipulated performance indicators, such as sales performance of the offline retail store or sales amount of a particular merchandise. For further details, see “Business — Our service network and marketers — Our service network — Relationship with third-party marketers”. The following table sets forth the breakdown of labour service fees by type of services during the Track Record Period:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	173,622	87.8	138,635	76.0	91,975	59.6
Tasks and marketers matching service	21,364	10.8	41,490	22.8	60,651	39.3
Marketers assignment service	2,820	1.4	2,185	1.2	1,637	1.1
Total	197,806	100.0	182,310	100.0	154,263	100.0

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Our labour service fees decreased from RMB197.8 million for FY2020 to RMB182.3 million for FY2021. The decrease was mainly attributable to the scale-down of our customised marketing solution projects with one of our top five customers during the Track Record Period resulting in the decrease in our demand for third-party marketers provided by labour service providers, which in turn led to a decrease in our labour service fees associated with customised marketing solution. Such decrease in labour service fees associated with customised marketing solution was in line with the decrease in our revenue from customised marketing solution. The effect of such decrease was partially offset by the increase in labour service fees associated with our tasks and marketers matching service, which was in line with our growth of business in tasks and marketers matching service as we mainly engaged third-party marketers for the implementation of our tasks and marketers matching service projects.

Our labour service fee then decreased from RMB182.3 million for FY2021 to RMB154.3 million for FY2022. The decrease was mainly attributable to the decrease in labour service fees associated with customised marketing solution as our Group began to assign employee marketers in the provision of customised marketing solution and thus, engaged less third-party marketers for the implementation of our customised marketing solution projects. On the other hand, as we mainly relied on third-party marketers in the provision of our tasks and marketers matching service, our labour service fees associated with our tasks and marketers matching service increased, which was generally in line with the increase in our revenue from tasks and marketers matching service from FY2021 to FY2022.

The following table sets forth the breakdown of number of manshift performed by third-party marketers for the implementation of our customised marketing solution and tasks and marketers matching service projects during the Track Record Period:

	FY2020	FY2021	FY2022
Number of manshift performed by third-party marketers for the implementation of (Note):			
— Customised marketing solution	723,539	716,972	491,712
— Tasks and marketers matching service	313,363	549,063	681,937
Total	1,036,902	1,266,035	1,173,649

Note: The number represents the aggregate number of manshift performed by third-party marketers for the implementation of our customised marketing solution and tasks and marketers matching service projects throughout the entire indicated year. For the avoidance of doubt, it does not represent the total number of distinct individual as third-party marketers could work on multiple projects throughout the entire indicated year.

For FY2020, FY2021 and FY2022, the number of manshift performed by third-party marketers for the implementation of tasks and marketers matching service was 313,363, 549,063 and 681,937, respectively, the increasing trend was generally in line with the growth of our tasks and marketers matching service business. The average cost per manshift of third-party marketers for tasks and marketers matching service amounted to RMB68.2, RMB75.6 and RMB89.0 for FY2020, FY2021 and FY2022, respectively. The average cost per manshift increased RMB68.2 for FY2020 to RMB75.6 for FY2021, which was comparable with the average cost per manshift for FY2020. For FY2022, with a view to ensuring the quality of our services and maintaining a stable marketer base, we adjusted the calculation basis of the remuneration of the marketers. For FY2020 and FY2021 the remuneration of the marketers is calculated based on the marketers' attendance and a simple piece-rate sales commission. In FY2022, we introduced a diversified incentives structure, (i) where the marketers would be eligible for higher commission rates if certain sales target are achieved; and (ii) progressive piece-rate sales commission to incentivise the marketers to increase sales, and such adjustments had resulted in the increase in average cost per manshift from RMB75.6 for FY2021 to RMB88.9 for FY2022.

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For FY2020, FY2021 and FY2022, the number of manshift performed by third-party marketers for the implementation of customised marketing solution was 723,539, 716,972 and 491,712, respectively. For FY2021, the decrease was generally in line with the decrease in revenue generated from customised marketing solution. For FY2022, the decrease was mainly because we began to assign employee marketers in provision of customised marketing solution for FY2022 and thus, resulted in less manshift performed by third-party marketers.

Employee benefit expenses

Employee benefit expenses mainly represented salaries and benefits paid to our staff (including Group staff and employee marketers). The following table sets forth the breakdown of employee benefit expenses by type of services during the Track Record Period:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	3,328	43.5	3,402	36.1	244,968	98.5
Tasks and marketers matching service	147	1.9	463	4.9	604	0.2
Marketers assignment service	4,169	54.4	5,276	56.0	2,968	1.2
SaaS+ subscription	15	0.2	283	3.0	252	0.1
Total	7,659	100.0	9,424	100.0	248,792	100.0

Our employee benefit expenses increased from RMB7.7 million for FY2020 to RMB9.4 million for FY2021. The increase was mainly attributable to the increase in such expenses associated with marketers assignment service as additional Group staff were recruited to meet the increased demand for our marketers assignment service for FY2021. In addition, the Social Insurance Contribution Reduction Policy introduced in 2020 under Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of the Temporary Reduction and Exemption of Social Insurance Premiums Payable by Enterprises 《人力資源社會保障部、財政部、稅務總局關於階段性減免企業社會保險費的通知》(the “**Social Insurance Contribution Reduction Policy**”) was not renewed in 2021 resulting in the increase in social insurance contribution for all staff, which in turn led to an increase in employee benefit expenses.

Our employee benefit expenses increased significantly from RMB9.4 million for FY2021 to RMB248.8 million for FY2022. The increase was mainly attributable to the significant increase of employee benefit expenses associated with customised marketing solution by RMB241.6 million as some of our marketers assignment service customers switched to our customised marketing solution. The employee benefit and disbursements paid to these employee marketers were originally recorded to net-off the gross transaction amounts of revenue generated from marketers assignment services, where under customised marketing solution, such expenses were recorded in full in our cost of services as employee benefit expenses. Further, the customised marketing solution projects in relation to these customers were relatively more labour intensive than our other customised marketing solution projects as these customers required their products to be promoted in multi-locations with an aim to improve their sales performances. Thus, compared with other promotional activities and marketing events, which may require more event consumables rather than labour, these projects required more of our employee marketers to cover such locations.

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The following table sets forth the movement in the number of (i) our Group staff under the business and development department responsible for project implementation whose staff costs were directly related to the employee benefits expenses under costs of services and (ii) employee marketers during the year indicated:

	FY2020	FY2021	FY2022
Number of our Group staff under the business and development department responsible for project implementation			
Total number of staff as at the beginning of the year	60	65	65
Add: number of staff recruited during the year	36	31	11
Less: number of staff exited during the year	31	31	36
Total number of staff as at the end of the year	65	65	40
Average number for the year ⁽¹⁾ :	63	65	53
Number of our employee marketers			
Total number of employee marketers as at the beginning of the year	—	—	5,088
Add: number of employee marketers retained during the year ⁽²⁾	—	—	932
Less: number of employee marketers exited during the year	—	—	1,621
	—	—	1,621
Total number of employee marketers as at the end of the year	—	—	4,399

Note:

1. the average number of our Group staff under our business and development department responsible for project implementation are calculated based on the sum of the number of Group staff under our business and development department responsible for project implementation at the beginning of the year and at the end of the year divided by two.
2. For FY2022, some of our marketers assignment service customers switched to our customised marketing solution to cater changes in their sales and marketing strategies in response to the prevailing changes in their industry. The employee benefit and disbursements paid to these employee marketers were originally recorded to net-off the gross transaction amounts of revenue generated from marketers assignment services, where under customised marketing solution, such expenses were recorded in full in our cost of services as employee benefit expenses. For FY2020 and FY2021, we mainly relied on third-party marketers for the implementation of our customised marketing solution projects.

For FY2020 and FY2021, the average number of Group staff under our business and development department responsible for project implementation remained relatively stable at 63 and 65.

For FY2022, the average number of Group staff under our business and development department responsible for project implementation decreased to 53 from 65 for FY2021, the decrease was primarily due to our decision to release some of our basic supporting staff as we further streamlined our administrative and secretarial works.

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Since 2022, three of our top five customers for the Track Record Period switched from marketers assignment service to customised marketing solution for a broader range of customised sales and marketing services as a result of changes in their sales and marketing strategies in response to the prevailing changes in their industry. Having considered our relatively long-term business relationships with certain of our customers and our strategies to place more focus and resources on retaining business relationship with them, we started retaining and switching certain employee marketers from marketers assignment service into customised marketing solution. Due to the different accounting treatments of customised marketing solution and marketers assignment service, such switch had an impact on our financial performance, being increase in both overall revenue and cost of sales, and as a result a decrease in our overall gross profit margin at the same time with the gross profit contributed from these three customers unaffected. Notwithstanding that the cost per employee marketers is higher, our Directors believe using employee marketers for customised marketing solution is beneficial in (i) enhancing stability of workforce; and (ii) ensuring guaranteed and enhanced work performance by these staff as they are generally familiar with the operations and performance standards required by the relevant customers. As at 31 December 2022, we had 4,399 employee marketers. In general, the movements in the number of our employee marketers are highly correlated with the completion and progress of our customised marketing solution projects which executed by our employee marketers.

Gross profit and gross profit margin

Our gross profit was RMB164.0 million, RMB170.2 million and RMB173.6 million respectively, for FY2020, FY2021 and FY2022. Our gross profit margin was 39.6%, 40.9% and 28.1%, respectively, in the same periods.

Customised marketing solution

For customised marketing solution, our gross profit was RMB87.5 million, RMB82.0 million and RMB91.0 million for FY2020, FY2021 and FY2022, respectively, while our gross profit margin was 28.6%, 30.1% and 19.8% for the same period.

Tasks and marketers matching service

For tasks and marketers matching service, our gross profit was RMB10.4 million, RMB16.8 million and RMB20.4 million for FY2020, FY2021 and FY2022, respectively, while our gross profit margin was 32.2%, 28.3% and 24.8% for the same period.

Marketers assignment service

For marketers assignment service, our gross profit was RMB65.6 million, RMB61.6 million and RMB43.7 million for FY2020, FY2021 and FY2022, respectively, while our gross profit margin was 89.1%, 88.8% and 89.8% for the same period.

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SaaS+ subscription

For SaaS+ subscription, our gross profit was RMB555,000, RMB9.8 million and RMB18.5 million for FY2020, FY2021 and FY2022, respectively, while our gross profit margin was 28.1%, 65.8% and 66.7% for the same period.

The following table sets forth a breakdown of our gross profit and gross profit margin by service types for the years indicated:

	FY2020		FY2021		FY2022	
	Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Customised marketing solution	87,474	28.6	82,040	30.1	90,958	19.8
Tasks and marketers matching service	10,357	32.2	16,764	28.3	20,386	24.8
Marketers assignment service	65,580	89.1	61,633	88.8	43,733	89.8
SaaS+ subscription	555	28.1	9,812	65.8	18,490	66.7
Total	163,966	39.6	170,249	40.9	173,567	28.1

Administrative expenses

Our administrative expenses consisted of (i) labour service fees, (ii) employee benefit expenses (including directors' emoluments), (iii) travel and transportation expenses, (iv) amortisation and depreciation, (v) office expenses, (vi) other taxes and levies, (vii) Listing expenses, (viii) auditor's remuneration — audit services, and (ix) other expenses. Our administrative expenses amounted to RMB64.3 million, RMB75.9 million and RMB77.9 million for FY2020, FY2021 and FY2022, respectively.

During the Track Record Period, the fluctuation of our labour service fees under administrative expenses was minimal, and remained relatively stable at RMB11.5 million, RMB12.3 million and RMB11.8 million for FY2020, FY2021 and FY2022, respectively.

The following table sets forth the components of our administrative expenses for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Labour service fees ⁽¹⁾	11,548	18.0	12,320	16.2	11,796	15.1
Employee benefit expenses (including directors' emoluments) ⁽²⁾	25,465	39.6	30,019	39.5	22,696	29.2
Travel and transportation expenses	3,270	5.1	3,479	4.6	2,536	3.3
Amortisation and depreciation ⁽³⁾	7,384	11.5	7,332	9.7	5,956	7.6
Office expenses	6,570	10.2	4,753	6.3	8,727	11.2
Other taxes and levies ⁽⁴⁾	7,999	12.4	7,877	10.4	6,690	8.6
Listing expenses	—	—	8,370	11.0	17,853	22.9
Auditor's remuneration — audit services ⁽⁵⁾	739	1.1	—	—	—	—
Other expenses ⁽⁶⁾	1,337	2.1	1,736	2.3	1,620	2.1
Total	64,312	100.0	75,886	100.0	77,874	100.0

FINANCIAL INFORMATION

Notes:

- (1) Labour service fees mainly represented the (i) labour fees that we incurred for our temporary employees (including part-time or fixed-term employees) and interns employed by us for our back office departments; and (ii) the service fees paid to labour service providers for the engagement of third-party marketers in relation to the administrative support to marketers. During the Track Record Period, we engaged part-time employees and interns for our back office departments to temporarily relieve our regular staff of their routine responsibilities. During the same period, we engaged third-party marketers to provide administrative support because marketers are scattered in different areas of the PRC (more than 320 cities in 31 provinces/municipalities in China as at the Latest Practicable Date) and thus, we need to arrange labour directly from the local regions to support various administrative functions of our regional branch offices, for example daily office administrative work, human resources and accounting, and also assist to monitor and supervise the attendance of marketers at offline retail stores and provide other on-site administrative supports. Such labour services are generally provided by independent local human resources service providers and third-party marketers aid the Group's on-site administrative work as a whole and their service fees are calculated with reference to number of workshifts and salary level of the local regions.
- (2) Employee benefit expenses mainly represented salaries and benefits paid to management staff, directors emoluments.
- (3) Amortisation and depreciation mainly represented the amortisation of our computer software and depreciation of the leasehold improvement, office equipment, motor vehicles and our Group's rights to use certain leased properties.
- (4) Other taxes and levies mainly represented additional taxes such urban maintenance and construction tax, educational surtax and stamp duty.
- (5) Auditor's remuneration-audit services mainly represented the remuneration paid to the auditors for rendering audit services.
- (6) Other expenses mainly represented day-to-day administration fees, recruitment expenses, service charges and vehicle maintenance costs.

Selling and marketing expenses

Our selling and marketing expenses consisted of (i) employee benefit expenses; (ii) travel and transportation expenses; (iii) depreciation expenses. Our selling and marketing expenses amounted to RMB18.7 million, RMB20.8 million and RMB19.3 million, for FY2020, FY2021 and FY2022, respectively.

The following table sets forth the components of our selling and marketing expenses for the years indicated:

	FY2020		FY2021		FY2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee benefit expenses ⁽¹⁾	15,892	85.0	18,430	88.8	17,762	92.0
Travel and transportation expenses	2,735	14.6	2,269	10.9	1,498	7.8
Depreciation expenses ⁽²⁾	77	0.4	70	0.3	48	0.2
Total	18,704	100.0	20,769	100.0	19,308	100.0

Notes:

- (1) Employee benefit expenses mainly represented salaries and benefits paid to our business staff.
- (2) Depreciation expenses mainly represented the depreciation of office equipment.

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Research and development expenses

Our research and development expenses mainly represented our expenses incurred on (i) IT infrastructure building; (ii) system development; (iii) system maintenance; and (iv) research and development staff. Our research and development expenses amounted to RMB11.7 million, RMB12.2 million and RMB25.0 million for FY2020, FY2021 and FY2022, respectively.

	FY2020 RMB'000	FY2021 RMB'000	FY2022 RMB'000
IT infrastructure building	1,597	1,485	2,190
System development	1,415	2,722	11,952
System maintenance	<u>5,306</u>	<u>1,895</u>	<u>2,789</u>
Sub-total	8,318	6,102	16,931
Employee benefits expenses (<i>note</i>)	<u>3,425</u>	<u>6,059</u>	<u>8,088</u>
Total	<u>11,743</u>	<u>12,161</u>	<u>25,019</u>

Note: Employee benefit expenses mainly represented salaries and benefits paid to our research and development staff.

Other income and gains — net

Our net other income and gains represented (i) government grants; (ii) interest income from related parties; (iii) gain on additional deduction of value-added tax; (iv) fair value gains from FVPL; (v) loss on disposal of plant and equipment; (vi) gains on termination of leases and (vii) others.

We recorded other income and gains — net of RMB8.6 million for FY2020, RMB25.2 million for FY2021 and RMB28.9 million for FY2022.

The following table sets forth a breakdown of our other income and gains — net for the years indicated:

	FY2020 RMB'000	FY2021 RMB'000	FY2022 RMB'000
Other income			
Government grants ⁽¹⁾	3,746	22,829	26,090
Interest income from related parties ⁽²⁾	2,857	—	—
Gain on additional deduction of value-added tax ⁽³⁾	<u>1,790</u>	<u>1,859</u>	<u>1,804</u>
Total:	<u>8,393</u>	<u>24,688</u>	<u>27,894</u>
Other gains — net			
Fair value gains from FVPL	316	485	753
Loss on disposal of plant and equipment	—	(9)	(39)
Gains on termination of leases	—	—	292
Others	<u>(76)</u>	<u>(12)</u>	<u>(4)</u>
Total:	<u>240</u>	<u>464</u>	<u>1,002</u>

FINANCIAL INFORMATION

Notes:

- (1) Government grants during the Track Record Period mainly represented (i) the financial support received from the Bureau of Finance of the relevant administrative areas, including Jiading District Bureau of Finance, a local authority in the PRC, to incentivise the development of our Group; and (ii) job-subsidy programme from local authorities in the PRC according to the respective local government policies (such as Job Stability Returns (穩崗返還) and Job Stability Subsidies (穩崗補貼)), the applications of which were subject to certain conditions (such as there should be no employee complaint, no report on arrears of salaries and a relatively low dismissal rate). As confirmed by the government-related entities making the application of financial support on behalf of the Company (namely Shanghai Hujia Economic Development Center (上海滬嘉經濟發展中心) and Shanghai Waigang Industrial Park Management Service Co., Ltd. (上海外岡工業園區管理服務有限公司)), there was no written underlying government policy for such financial support and the amount of financial support was calculated based on our Group's income tax payment and our business scale. There were no unfulfilled conditions or contingencies relating to the government grants. The timing, amounts and conditions of these government grants were within the sole discretion of the government and these government grants may be reviewed and assessed by the government periodically and may fluctuate from time to time pursuant to the changes in relevant government policies. A majority of government grants received was non-recurring in nature.
- (2) Interest income from related parties mainly represented interest income generated from loans to Mr. Sun for share purchases.
- (3) Gains on additional deduction of value-added tax mainly represented the gains on tax reduction from the reduced value-added tax rate introduced by the tax reforms.

Reversal of impairment losses/(impairment losses) on financial assets

Reversal of impairment losses/(impairment losses) on financial assets represented our net provision for impairment loss of trade receivables, contract assets and other receivables based on the expected credit loss model. For FY2021 and FY2022, we had impairment losses on financial assets of RMB463,000 and RMB553,000, respectively. For FY2020, we had reversal of impairment losses on financial assets of RMB257,000.

Finance costs — net

Our finance income represented bank interest income. For FY2020, FY2021 and FY2022, we recorded finance income of RMB61,000, RMB136,000 and RMB162,000, respectively.

Our finance costs mainly represented interest expenses (i) for trade receivables factoring; (ii) for bank borrowings; and (iii) on lease liabilities. For FY2020, FY2021 and FY2022, we recorded finance costs of RMB4.6 million, RMB4.9 million and RMB3.1 million, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of the finance income and finance costs for the years indicated:

	FY2020 <i>RMB'000</i>	FY2021 <i>RMB'000</i>	FY2022 <i>RMB'000</i>
Finance income			
— bank interest income ⁽¹⁾	<u>61</u>	<u>136</u>	<u>162</u>
	<u>61</u>	<u>136</u>	<u>162</u>
Finance costs			
— Interest for trade receivables factoring ⁽²⁾	(2,722)	(2,142)	(715)
— Interest expenses for bank borrowings ⁽³⁾	(1,131)	(2,401)	(2,093)
— Interest expenses on lease liabilities ⁽⁴⁾	(523)	(373)	(265)
— Others	<u>(178)</u>	<u>—</u>	<u>—</u>
	<u>(4,554)</u>	<u>(4,916)</u>	<u>(3,073)</u>
Finance cost — net:	<u>(4,493)</u>	<u>(4,780)</u>	<u>(2,911)</u>

Notes:

- (1) Bank interest income mainly represented interest income from our deposits placed with banks in the PRC.
- (2) Interest for trade receivables factoring mainly represented the interest expenses accrued from our factoring arrangements entered into with the banks. Please see “Financial information — Discussion Of Certain Items From The Consolidated Statements of Financial Position — Trade receivables” for details.
- (3) Interest expenses for bank borrowings mainly represented the interest expenses accrued from our bank borrowings.
- (4) Interests expenses on lease liabilities mainly represented the interest expenses accrued from our lease liabilities.

During the Track Record Period, our Group entered into factoring arrangements with reputable international financial institutions with global presence for some of our trade receivables. For FY2020, FY2021 and FY2022, we received proceeds of RMB697.0 million, RMB688.8 million and RMB161.0 million from factoring banks. The factored trade receivables were on a non-recourse basis, and such factored trade receivables have been derecognised in accordance with HKFRS9 and upon the factoring on the basis that our Group transferred substantially all the risks and rewards of ownership of trade receivables to the financial institutions.

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Our policy of trade receivables factoring facilities

Our non-recourse trade receivables factoring represented a cash management tool which provides us with greater flexibility and manoeuvrability in maintaining our cash flows at a healthy level and allows us to recover liquidity in a more expeditious manner. To control and monitor the potential risks in relation to non-recourse trade receivables factoring and to assess and determine the extent of trade receivables factoring that could be obtained or utilised, we have implemented the following measures:

1. Having considered finance cost arising from trade receivables factoring and our working capital requirements, our finance manager may apply for trade receivables factoring via relevant system of the factoring banks. The amount of the trade receivables factoring being applied for would be based on our working capital requirements. Our finance manager should select the factoring bank with available facility which offers trade receivables factoring at the lowest finance cost and trade receivables that will be due first should be factored first.
2. Trade receivables factoring is subject to cascading approval system. After selecting a factoring bank, our finance manager should submit an application for trade receivables factoring to our financial controller for approval, and the application will then be further submitted to our vice president for approval.
3. Upon factoring on non-recourse basis, our settlement staff should prepare a breakdown of trade receivables factoring including invoice amount, factoring interest rate and handling fees, etc. and then submit the breakdown to our accounting staff. Our accounting staff will then derecognised the relevant trade receivables.

Share of (losses)/profit of associates

Our share of (losses)/profit of associates mainly represented shares of profit or losses from our equity investment in our associates by equity method. For FY2021, we recorded profit of associates of RMB111,000 whereas for FY2020 and FY2022, we recorded losses of associates of RMB169,000 and RMB200,000, respectively.

Income tax expenses

Our income tax expenses represent current income tax and deferred income tax. The following table sets forth a breakdown of our income tax expenses for the years indicated:

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax ⁽¹⁾	20,112	21,812	22,476
Deferred income tax ⁽²⁾	<u>(574)</u>	<u>631</u>	<u>1,420</u>
Income tax expenses	<u>19,538</u>	<u>22,443</u>	<u>23,896</u>

Notes:

- (1) Current income tax comprised PRC corporate income tax for the entities comprising our Group based on taxable profit for the year.
- (2) Deferred income tax comprised mainly movement in deferred income tax assets on recognised deductible temporary differences primarily arising from tax losses, bad debts, and lease liabilities and deducted by deferred income tax liabilities.

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Taxation

Cayman Islands and BVI

Our Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, members of our Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

Hong Kong

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong during the Track Record Period.

PRC

Our Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Accordingly, during the Track Record Period, our income tax expenses and credits were related to our operations in China. Certain of our subsidiaries in the PRC were qualified as “Small Low-Profit Enterprise” since 2019, these subsidiaries were entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. From 1 January 2019 to 31 December 2020, under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. From 1 January 2021 to 31 December 2022, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. Thus, these subsidiaries were subject to a preferential income tax rate of 5% or 10% in 2020 and 2.5%, or 10% in 2021 and 2022. Save for our subsidiaries qualified as small and micro enterprises, all of our other subsidiaries in China were subject to PRC corporate income tax at a standard rate of 25% for the year on their respective taxable income. For each year of the Track Record Period, our effective income tax rate was 26.6%, 27.6% and 31.2%, respectively.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding tax rates of the group company in Hong Kong is 10% after the completion of the Reorganisation.

As at the Latest Practicable Date, we had made all material tax filings and paid all material outstanding tax liabilities to the relevant tax authorities, and we are not aware of any outstanding or potential dispute with such tax authorities.

See “— Period to period comparison of results of operations” for discussion of the changes in our income tax expenses.

FINANCIAL INFORMATION

Profit for the year and net profit margin

For each year of the Track Record Period, we recorded profit of RMB53.9 million, RMB59.0 million and RMB52.7 million, respectively. For each year of the Track Record Period, our net profit margin was 13.0%, 14.2% and 8.5%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

FY2022 compared to FY2021

Revenue

Our revenue increased from RMB416.3 million for FY2021 to RMB618.1 million for FY2022. The increase of revenue was primarily attributable to the increase in our revenue from customised marketing solution.

Revenue by service types

Our revenue from customised marketing solution increased from RMB272.7 million for FY2021 to RMB459.6 million for FY2022, whereas revenue from tasks and marketers matching service increased from RMB59.2 million for FY2021 to RMB82.1 million for FY2022. The increase was mainly attributable to the increase in the number of brand owner customers who engaged us for tasks and marketers matching service from 14 for FY2021 to 20 for FY2022. Our revenue from marketers assignment service decreased from RMB69.4 million for FY2021 to RMB48.7 million for FY2022. This was mainly due to (i) the increase in the average revenue per brand owner customer for customised marketing solution from RMB6.8 million for FY2021 to RMB15.7 million for FY2022 as some of our existing brand owner customers expanded their spendings on customised marketing solution; (ii) revenue contributed by new customers for customised marketing solution procured by us in late 2021; and (iii) the fact that some of our marketers assignment service customers switched to our customised marketing solution, which was in line with our strategies to put more focus on customised marketing solution and to cater changes in sales and marketing strategies of our customers from time to time in response to the prevailing changes in their industry. Our revenue from SaaS+ subscription increased significantly from RMB14.9 million for FY2021 to RMB27.7 million for FY2022. The increase was mainly attributable to (i) the increase in the number of brand owner customers who engaged us for SaaS+ subscription from 4 for FY2021 to 6 for FY2022 and (ii) the increase in average revenue per brand owner customer for SaaS+ subscription from RMB3.3 million for FY2021 to RMB4.3 million for FY2022 which was particularly attributable to a contract in relation to the development of certain digitalised platform and tools awarded in 2022 by one of top five customers of SaaS+ subscription during the Track Record Period with a contract amount of RMB13.5 million.

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Cost of services

Our cost of services increased from RMB246.0 million for FY2021 to RMB444.5 million for FY2022. The increase in cost of services was mainly attributable to:

- (i) the increase in employee benefit expenses of RMB239.4 million, mainly because some of our marketers assignment service customers switched to our customised marketing solution and thus, the employee benefit expenses in relation to the employee marketers were recorded in full in our cost of services for customised marketing solution (instead of recognised on a net basis under marketers assignment service); and
- (ii) the increase in research, development and technical service expenses of RMB4.1 million, mainly due to the increase in the SaaS+ subscription services provided to our customers,

the effect of which was partially offset by the decrease in labour service fees of RMB28.0 million as we began to assign employee marketers in the provision of customised marketing solution, which led to the decrease in our labour service fees associated with customised marketing solution by RMB46.7 million as we assigned less third party labour in the implementation of our customised marketing solution projects. On the other hand, as we mainly relied on third party labour in provision of our tasks and marketers matching service, our labour service fees associated with our tasks and marketers matching service increased by RMB19.2 million, which was generally in line with the increase in our revenue from tasks and marketers matching service.

Gross profit and gross profit margin

Our gross profit increased from RMB170.2 million for FY2021 to RMB173.6 million for FY2022, which was in line with the increase in revenue, while our gross profit margin decreased from 40.9% for FY2021 to 28.1% for FY2022, which was mainly attributable to the decrease in gross profit margin for customised marketing solution and tasks and marketers matching service.

Gross profit and gross profit margin by service types

Our gross profit from customised marketing solution increased from RMB82.0 million for FY2021 to RMB91.0 million for FY2022, while gross profit margin of customised marketing solution decreased from 30.1% for FY2021 to 19.8% for FY2022. The decrease in gross profit margin of customised marketing solution was mainly because some of our marketers assignment service customers switched to our customised marketing solution and to cater changes in their sales and marketing strategies in response to the prevailing changes in their industry, and thus, the revenue and employee benefit expenses in relation to the employee marketers that have been working for these customers were recorded in full gross amount under customised marketing solution (instead of being recognised on a net basis under marketers assignment service), since these projects have lower gross profit margin as compared to other customised marketing solution which in turn resulted in a lower gross profit margin of customised marketing solution. Our gross profit from marketers assignment service decreased from RMB61.6 million for FY2021 to RMB43.7 million for FY2022, while gross profit margin of marketers assignment service remained relatively stable at 88.8% and 89.8% for FY2021 and FY2022, respectively.

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Our gross profit from tasks and marketers matching service increased from RMB16.8 million for FY2021 to RMB20.4 million for FY2022, while our gross profit from SaaS+ subscription increased significantly from RMB9.8 million for FY2021 to RMB18.5 million for FY2022. The increase in our gross profit from tasks and marketers matching service and SaaS+ subscription was generally in line with the increase in revenue. Our gross profit margin of tasks and marketers matching service decreased from 28.3% for FY2021 to 24.8% for FY2022, as average cost on the marketers' attendance and the amount of sales achieved per manshift of third-party marketers for tasks and marketers matching service increased at a higher rate than average revenue from tasks and marketers matching service per manshift of third-party marketers, which was mainly because (i) with a view to ensuring the quality of our services and maintain a stable marketer base, we adjusted the calculation basis of the remuneration of the marketers and did not substantially reduce our cost of services. The remuneration of the marketers is service fee based. Other than this current remuneration basis, we further introduced a diversified incentives structure, (i) where the marketers would be eligible for higher commission rates if certain sales target are achieved; and (ii) progressive piece-rate sales commission to incentivise the marketers to increase sales; and (ii) as affected by overall economic downturn, sales performance of offline retail stores involved under our tasks and marketers matching service was affected, which in turn reduced our revenue from tasks and marketers matching service that adopts a "performance-based" fee model. For details, see "Financial Information — Principal components of consolidated statements of comprehensive income — Cost of services — Labour service fees". Our gross profit margin of SaaS+ subscription remained relatively stable at 65.8% and 66.7% for FY2021 and FY2022, respectively.

Administrative expenses

Our administrative expenses increased from RMB75.9 million for FY2021 to RMB77.9 million for FY2022. The increase was primarily due to the Listing expenses of RMB17.9 million incurred for FY2022.

Selling and marketing expenses

Our selling and marketing expenses remained relatively stable at RMB20.8 million for FY2021 and RMB19.3 million for FY2022.

Research and development expenses

Our research and development expenses increased from RMB12.2 million for FY2021 to RMB25.0 million for FY2022. The increase was primarily attributable to the expenses incurred in relation to the use of external third party database which is maintained by a PRC AI company, and which allows us to get access to the data, including various retail stores operating data and analysis results of their sales potential to support our construction of certain digitalised tools and the expenses incurred for the system development of *Brandkey* by the external software developer.

FINANCIAL INFORMATION

Other income and gains — net

Our other income and gains — net increased from RMB25.2 million for FY2021 to RMB28.9 million for FY2022, primarily due to the increase in government grants of RMB22.8 million for FY2021 to RMB26.1 million for FY2022 as a result of the increased financial support granted by the PRC government. There is no significant change in the nature of government grants we received for the year, of which approximately 90% or above of the amount represents the financial support received to incentivise the development of our Group in the Shanghai regions for both years. The increase in government grants during the year was mainly attributable to an increase in the financial support in relation to a job-subsidy programme received from local authorities in the PRC, for example Job Stability Subsidies (穩崗補貼) and Employee Retention Subsidies (留崗補貼). The timing, amounts and conditions of these government grants were within the sole discretion of the government and may fluctuate from time to time pursuant to the changes in relevant government policies.

Impairment losses on financial assets

Our impairment losses on financial assets remained relatively stable at RMB463,000 and RMB553,000 for FY2021 and FY2022, respectively. See “Financial Information — Financial Risks Management — Credit Risk” and Note 3.1(b)(iii) to the Accountant’s Report in Appendix I to this prospectus for further details.

Finance costs — net

Our finance costs — net decreased from RMB4.8 million for FY2021 to RMB2.9 million for FY2022, primarily as a result of the decrease in interest expenses for bank borrowings and trade receivables factorings due to decrease in interest rates of bank borrowings and decrease in use of trade receivables factoring facilities.

Share of profit/(losses) of associates

We had share of profit of associates of RMB111,000 for FY2021 and share of losses of associates of RMB200,000 for FY2022. The increase in share of losses of associates was primarily due to the losses incurred by one of our associates as a result of its increased research and development expenses.

Income tax expenses

Our income tax expense remained relatively stable at RMB22.4 million and RMB23.9 million for FY2021 and FY2022, respectively. Our effective tax rates, which represented our income tax expenses over our profit before income tax, were 27.6% for FY2021 and 31.2% for FY2022. Our higher effective tax rate for FY2022 was mainly because our Listing expenses associated with non-PRC parties were not deductible for tax purpose.

Profit and net profit margin for the year

As a result of the foregoing, our profit for the year decreased from RMB59.0 million for FY2021 to RMB52.7 million for FY2022. Our net profit margin decreased from 14.2% for FY2021 to 8.5% for FY2022, primarily as the result of the elevated effective tax rate.

FINANCIAL INFORMATION

FY2021 compared to FY2020

Revenue

Our revenue increased from RMB413.6 million for FY2020 to RMB416.3 million for FY2021. The increase was primarily attributable to the significant increase in revenue from tasks and marketers matching service and SaaS+ subscription, which is partially offset by the decrease in revenue from customised marketing solution and marketers assignment service.

Revenue by service types

Our revenue from customised marketing solution decreased from RMB305.9 million for FY2020 to RMB272.7 million for FY2021. The decrease was primarily attributable to the decrease in spending of some of our brand owner customers of customised marketing solution in FY2021. Revenue from our marketers assignment service decreased from RMB73.6 million for FY2020 to RMB69.4 million for FY2021. The decrease was primarily because of the negative impact of the COVID-19 pandemic causing a slowdown in our customers' sales, which led to a decrease in the number of customers who engaged us for marketers assignment service. The number of customers for marketers assignment service decreased from 22 for FY2020 to 14 for FY2021.

In line with our Group's business strategy to promote our tasks and marketers matching service and SaaS+ subscription, our revenue from tasks and marketers matching service increased from RMB32.1 million for FY2020 to RMB59.2 million for FY2021 and our revenue from SaaS+ subscription increased significantly from RMB2.0 million for FY2020 to RMB14.9 million for FY2021. The growth in revenue from tasks and marketers matching service was supported by the increase in the number of tasks and marketers matching service customers from 15 for FY2020 to 19 for FY2021 and the increase in average revenue per tasks and marketers matching service customer from RMB2.1 million for FY2020 to RMB3.1 million for FY2021. Similarly, the increase in revenue from SaaS+ subscription was mainly attributable to the increase in number of SaaS+ subscription customers from 3 for FY2020 to 8 for FY2021 and increase in average revenue per SaaS+ subscription customer from RMB0.7 million for FY2020 to RMB1.9 million for FY2021.

Cost of services

Our cost of services remained relatively stable at RMB249.6 million and RMB246.0 million for FY2020 and FY2021, respectively.

Our labour service fees decreased from RMB197.8 million for FY2020 to RMB182.3 million for FY2021. The decrease in labour service fees was mainly attributable to the scale-down of our customised marketing solution projects with one of our top five customers during the Track Record Period resulting in the decrease in our demand for third-party marketers provided by labour service providers, which led to a decrease in our labour service fees associated with customised marketing solution by RMB35.0 million, which was in line with the decrease in our revenue from customised marketing solution. Such decrease was partially offset by the increase in labour service fees associated with tasks and marketers matching service projects by RMB20.1 million which was in line with our growth of business in tasks and marketers matching service as we mainly engaged third-party marketers for the implementation of our tasks and marketers matching service projects.

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Employee benefit expenses increased from RMB7.7 million for FY2020 to RMB9.4 million for FY2021 which was mainly attributable to the increase in such expenses associated with marketers assignment service by RMB1.1 million as additional group staff were recruited to meet the increased demand for our marketers assignment service for FY2021. In addition, the Social Insurance Contribution Reduction Policy was not renewed in 2021 resulting in the increase in social insurance contribution for all staff, which in turn had led to an increase in employee benefit expenses.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased from RMB164.0 million for FY2020 to RMB170.2 million for FY2021. Our gross profit margin slightly increased from 39.6% for FY2020 to 40.9% for FY2021. The increase in gross profit margin was primarily due to (i) the increase in the gross profit margin of SaaS+ subscription from 28.1% for FY2020 to 65.8% for FY2021 and (ii) the increase in the gross profit margin of customised marketing solution from 28.6% for FY2020 to 30.1% for FY2021.

Gross profit and gross profit margin by service types

Our gross profit from customised marketing solution decreased from RMB87.5 million for FY2020 to RMB82.0 million for FY2021, while our gross profit from marketers assignment service decreased from RMB65.6 million for FY2020 to RMB61.6 million for FY2021. The decrease of gross profit of customised marketing solution and marketers assignment service was generally in line with the decrease of revenue from customised marketing solution and marketers assignment service. Our gross profit margin of customised marketing solution increased slightly from 28.6% for FY2020 to 30.1% for FY2021. The increase in gross profit margin was mainly due to the increase in project scale of relatively higher profit margin projects with some brand owners. Our gross profit margin of marketers assignment service remained relatively stable at 89.1% for FY2020 and 88.8% for FY2021.

Our gross profit from tasks and marketers matching service increased from RMB10.4 million for FY2020 to RMB16.8 million for FY2021, while our gross profit from SaaS+ subscription increased from RMB555,000 for FY2020 to RMB9.8 million for FY2021. The increase in gross profit of tasks and marketers matching service and SaaS+ subscription was generally in line with the increase in revenue from tasks and marketers matching service and SaaS+ subscription. Our gross profit margin of tasks and marketers matching service decreased from 32.2% for FY2020 to 28.3% for FY2021. The decrease in gross profit margin of tasks and marketers matching service was mainly attributable to the increase in labour service fee due to increase in number of manshift performed by third-party marketers to enhance the level of project execution and to meet the demands associated with the business expansion and the increase in average cost per manshift of third-party marketers for tasks and marketers matching service. The average cost per manshift of third-party marketers for tasks and marketers matching service increased at a higher rate than average revenue from tasks and marketers matching service per manshift of third-party marketers. For details, see “Financial Information — Principal components of consolidated statements of comprehensive income — Cost of services — Labour service fees”. Our gross profit margin of SaaS+ subscription increased significantly from 28.1% for FY2020 to 65.8% for FY2021. The increase was mainly due to the decrease in the percentage of research, development and technical service expenses to the revenue from SaaS+ subscription from 65.1% for FY2020 to 31.7% for FY2021 as we generally only had to make modifications to our software developed in 2020 to fit our customers’ specification requirements instead of having it developed from scratch when we bring on new customers.

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Administrative expenses

Our administrative expenses increased from RMB64.3 million for FY2020 to RMB75.9 million for FY2021. The increase was primarily attributable to the increase in employee benefit expenses from RMB25.5 million for FY2020 to RMB30.0 million for FY2021 due to (i) the increase in average salaries of our management staff; and (ii) the fact that the Social Insurance Contribution Reduction Policy was not renewed for 2021; and (iii) and Listing expenses of RMB8.4 million for FY2021.

Selling and marketing expenses

Our selling and marketing expenses increased from RMB18.7 million for FY2020 to RMB20.8 million for FY2021. The increase was primarily attributable to (i) the increase in employee benefit expenses for our business staff from RMB15.9 million for FY2020 to RMB18.4 million for FY2021 due to the increase in average salaries of our business staff; and (ii) the fact that the Social Insurance Contribution Reduction Policy introduced in 2020 was not renewed for 2021.

Research and development expenses

Our research and development expenses remained relatively stable at RMB11.7 million and RMB12.2 million for FY2020 and FY2021, respectively.

Other income and gains — net

Our other income and gains — net increased from RMB8.6 million for FY2020 to RMB25.2 million for FY2021. The increase was mainly attributable to the significant increase in government grants from RMB3.7 million for FY2020 to RMB22.8 million for FY2021, most of which were financial support from the PRC government. The government grants for FY2021 include mainly financial support received to incentivise the development of our Group in the Shanghai regions while the amount for FY2020 mainly related to job-subsidy programme. The increase in government grants was mainly attributable to a significant increase in the amount of financial support received to incentivise the development of our Group in the Shanghai regions from RMB0.7 million for FY2020 to RMB22.5 million for FY2021. The timing, amounts and conditions of these government grants were within the sole discretion of the government and may fluctuate from time to time pursuant to the changes in relevant government policies.

Reversal of impairment losses/(impairment losses) on financial assets

We had reversal of impairment loss on financial assets of RMB257,000 for FY2020 and impairment losses on financial assets of RMB463,000 for FY2021. The change was primarily due to the increased expected credit loss allowance for trade receivables. See “Financial Information — Financial Risks Management — Credit Risk” and Note 3.1(b)(iii) to the Accountant’s Report in Appendix I to this prospectus for further details.

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Finance costs — net

Our net finance costs remained relatively stable at RMB4.5 million and RMB4.8 million for FY2020 and FY2021, respectively.

Share of (losses)/profit of associates

We had share of losses of associates of RMB169,000 for FY2020 and profit of associates of RMB111,000 for FY2021. The change was primarily due to one of our associates recorded profit of RMB0.6 million for FY2021, as compared with loss of RMB1.4 million for FY2020.

Income tax expenses

Our income tax expenses increased from RMB19.5 million for FY2020 to RMB22.4 million for FY2021. The increase of income tax expenses was generally in line with the increase in profit before tax from RMB73.4 million for FY2020 to RMB81.5 million for FY2021.

Profit and net profit margin for the year

For the reasons above, our profit for the year increased from RMB53.9 million for FY2020 to RMB59.0 million for FY2021. Our net profit margin increased from 13.0% for FY2020 to 14.2% for FY2021.

DISCUSSION OF CERTAIN ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as at the dates indicated, which have been extracted from our consolidated statements of financial position as at the dates indicated, which have been extracted from our audited consolidated financial statements included the Accountant's Report as set out in Appendix I to this prospectus.

	As at 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Current assets	575,355	616,272	618,482
Current liabilities	323,352	303,546	280,577
Net current assets	252,003	312,726	337,905
Non-current assets	19,004	14,438	8,644
Non-current liabilities	3,570	2,133	55
Total assets	594,359	630,710	627,126
Total liabilities	326,922	305,679	280,632
Net assets	267,437	325,031	346,494
Non-controlling interests	1,523	—	—

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The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at
	2020	2021	2022	28 February 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current assets				
Contract assets	215,734	183,256	190,624	233,872
Trade receivables	323,352	393,041	344,902	303,560
Contract costs	2,392	712	480	731
Deposits, other receivables and prepayments	15,587	14,946	19,772	22,749
Financial assets at fair value through profit or loss	9,180	4,000	—	—
Cash and cash equivalents	9,110	20,317	62,704	45,848
	<u>575,355</u>	<u>616,272</u>	<u>618,482</u>	<u>606,760</u>
Current liabilities				
Lease liabilities	5,056	3,778	2,319	1,811
Borrowings	31,000	54,800	61,273	56,273
Trade and other payables	261,279	234,196	203,032	186,300
Contract liabilities	3,624	3,297	6,858	6,279
Income tax payables	22,376	7,475	5,648	6,369
Amounts due to related parties	17	—	1,447	1,506
	<u>323,352</u>	<u>303,546</u>	<u>280,577</u>	<u>258,538</u>
Net current assets	<u>252,003</u>	<u>312,726</u>	<u>337,905</u>	<u>348,222</u>

Our net current assets increased from RMB252.0 million as at 31 December 2020 to RMB312.7 million as at 31 December 2021 primarily due to the increase in trade receivables as the result of increase in revenue for the fourth quarter in 2021 as compared with the same period in 2020 and the decrease in the use of trade receivables factoring facilities, the effect of which was partially offset by the (i) increase in our borrowings; and (ii) decrease in our contract assets.

Our net current assets increased from RMB312.7 million as at 31 December 2021 to RMB337.9 million as at 31 December 2022 primarily due to the increase in (i) cash and cash equivalents, (ii) deposits, other receivables and prepayments and (iii) contract assets, the effects of which were partially offset by the decrease in trade receivables and financial assets at fair value through profit or loss.

Our net current assets increased from RMB337.9 million as at 31 December 2022 to RMB348.2 million as at 28 February 2023 primarily due to (i) the increase in deposits, other receivables and prepayments and contract assets and (ii) the decrease in lease liabilities, borrowings and trade and other payables, the effects of which were partially offset by (i) the decrease in trade receivables and (ii) the increase in income tax payables.

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Plant and equipment

During the Track Record Period, our plant and equipment primarily consisted of leasehold improvement, office equipment and motor vehicles.

The net book amount of our plant and equipment increased from RMB865,000 as at 31 December 2020 to RMB1.1 million as at 31 December 2021. This was primarily due to the increase in office equipment and motor vehicles of RMB620,000, the effect of which was partially offset by the depreciation charge of RMB403,000 and disposal of office equipment of RMB18,000 for FY2021.

The net book amount of our plant and equipment decreased from RMB1.1 million as at 31 December 2021 to RMB984,000 as at 31 December 2022. This was primarily due to disposal of office equipment of RMB43,000 and depreciation charge of RMB429,000, the effect of which was partially offset by the additions of office equipment of RMB392,000 for FY2022.

Right-of-use assets

During the Track Record Period, our right-of-use assets primarily represented our leased premises with a cumulative lease term of above 12 months.

Our right-of-use assets decreased from RMB8.2 million as at 31 December 2020 to RMB5.6 million as at 31 December 2021, which was primarily due to depreciation charge of RMB5.3 million, the effect of which was partially offset by additions of right-of-use assets of RMB2.8 million as a result of entering into new leases.

Our right-of-use assets further decreased to RMB2.5 million as at 31 December 2022, which was primarily due to depreciation charge of RMB4.6 million, the effect of which was partially offset by additions of right-of-use assets of RMB3.1 million.

Intangible assets

During the Track Record Period, our intangible assets primarily consisted of software purchased from third parties.

Our intangible assets decreased from RMB2.7 million as at 31 December 2020 to RMB991,000 as at 31 December 2021 and further decreased to nil as at 31 December 2022, primarily due to the amortisation of our computer software.

Investments in associates

During the Track Record Period, our investments in associates primarily represented our investments in our associates, including Beijing Aikaka Information Technology Co., Ltd. (北京愛味味信息技術有限公司), which primarily engages in technical development and consultancy services and Guangzhou Cema, which primarily engages in market research services, information technology consultancy and software development.

Our investments in associates remained relatively stable at RMB4.6 million, RMB4.7 million and RMB4.5 million as at 31 December 2020, 2021 and 2022, respectively.

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Deferred income tax assets

During the Track Record Period, our deferred income tax assets primarily represented the difference between book tax and the actual income tax.

Our deferred income tax assets decreased from RMB2.7 million as at 31 December 2020 to RMB2.1 million as at 31 December 2021. This is primarily due to the decrease in the recognition of cumulative tax losses.

Our deferred income tax assets decreased from RMB2.1 million as at 31 December 2021 to RMB0.7 million as at 31 December 2022. This is primarily due to the decrease in the recognition of cumulative tax losses.

Contract assets

Our contract assets mainly represented our unbilled amount of services provided to our customers.

The following table sets forth the breakdown of our contract assets as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets — gross carrying amount	216,781	184,088	192,191
Less: allowance for impairment of contract assets	<u>(1,047)</u>	<u>(832)</u>	<u>(1,567)</u>
Contract assets — net	<u><u>215,734</u></u>	<u><u>183,256</u></u>	<u><u>190,624</u></u>

As at 28 February 2023, RMB90.5 million, or 47.1% of the contract assets as at 31 December 2022 was subsequently billed by our Group and accounted as trade receivables.

As at 31 December 2020, 2021 and 2022, contract assets amounted to RMB215.7 million, RMB183.3 million, and RMB190.6 million respectively. As at 31 December 2020, 2021 and 2022, the contract assets of our top five customers amounted to RMB143.6 million, RMB118.5 million and RMB128.0 million, respectively, which accounted for 66.2%, 64.4% and 66.6% of the contract assets before loss allowance as at 31 December 2020, 2021 and 2022. The decrease of contract assets from FY2020 to FY2021 was generally in line with the decrease in revenue generated from customised marketing solution. Our contract assets then increased to RMB190.6 million as at 31 December 2022, the increase was generally in line with our revenue growth. As at 31 December 2020, 2021 and 2022, the contract assets of our Group, before allowance for impairment of contract assets, amounted to RMB216.8 million, RMB184.1 million and RMB192.2 million, respectively.

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The following table sets forth a breakdown of our contract assets by types of services as at the date indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Customised marketing solution	96,541	62,059	123,054
Tasks and marketers matching service	6,837	4,396	14,451
Marketers assignment service	112,009	112,137	52,439
SaaS+ subscription	<u>1,394</u>	<u>5,496</u>	<u>2,247</u>
Total:	<u><u>216,781</u></u>	<u><u>184,088</u></u>	<u><u>192,191</u></u>

As at 31 December 2020, 2021 and 2022, the contract assets are mainly arisen from customised marketing solution and marketers assignment service, which in aggregate accounted for 96.2%, 94.6% and 91.3% of the total gross contract assets balance, respectively. For our customised marketing solution, it generally takes not more than three months to settle and bill our customers after completion of projects. For our marketers assignment service, the time lag between revenue recognition and billing is normally within two months' time as the billing process requires our customers to gather and provide relevant settlement information, such as sales data and performance of the labours assigned.

The contract assets balance related to customised marketing solution accounted for 44.5%, 33.7% and 64.0% of the total gross balances as at the corresponding period-end date, respectively, which is mainly due to a longer time lag between revenue recognition and the billings are generally longer than that of other type of services. The balance increased from RMB62.1 million as at 31 December 2021 to RMB123.1 million as at 31 December 2022, which was mainly due to the increase of customised marketing solution revenue as certain customers of marketers assignment service opted for our customised marketing solution during FY2022 that they required more customised sales and marketing services.

The contract assets balance related to tasks and marketers matching service accounted for 3.2%, 2.4% and 7.5% of the total gross balances as at the corresponding period-end date, respectively, while contract assets balance related to SaaS+ subscription accounted for 0.6%, 3.0% and 1.2% of the total gross balances as at the corresponding period-end date, respectively. For tasks and marketers matching service and SaaS+ subscription, we generally settle monthly with our customers after our services rendered to our customers.

The contract assets balances of tasks and marketers matching service decreased from RMB6.8 million as at 31 December 2020 to RMB4.4 million as at 31 December 2021, which was mainly due to relatively more projects were billed before the year end date. The balance further increased to RMB14.5 million, which was mainly due to the increase in revenue for the last quarter for FY2022 as compared to the revenue for the last quarter of FY2021.

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The contract asset balances related to marketers assignment service accounted for 51.7%, 60.9% and 27.3% of the total gross balances at corresponding period-end date, respectively. The large proportion of the total contract asset balances as at 31 December 2020 and 2021 is mainly due to the larger gross transaction amounts as compared to other services. The proportion to total contract asset balances decreased from 60.9% as at 31 December 2021 to 27.3% as at 31 December 2022 was mainly due to three customers being switched to use of customised marketing solution during the year. The changes in the balances from it was generally in line with the fluctuations of gross transaction amounts from marketers assignment service during the Track Record Period.

The contract assets balances of SaaS+ subscription amounted to RMB1.4 million, RMB5.5 million and RMB2.2 million as at 31 December 2020, 2021 and 2022, respectively. The increase was generally in line with the increasing trend of the revenue from SaaS+ subscription during the Track Record Period.

The following table sets forth ageing analysis of our contract assets, based on the project completion date before allowance for lifetime ECL as at the date indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1–60 days	187,249	161,761	149,864
61–120 days	24,473	20,424	38,082
121–180 days	4,791	1,289	3,991
Over 180 days	268	614	254
Total	216,781	184,088	192,191

As at 31 December 2020, our contract assets over 120 days were mainly comprised of contract assets associated with customised marketing solution, in particular, attributable to customised marketing solution projects with Customer B, Customer C, Customer E and Customer F, the long bill processing time was primarily caused by the convoluted internal verification process of our customers. As a result of our Group's continuous effort in negotiating with our customers under a more expedient verification process, our contract assets aged between 121 days and 180 days were reduced to RMB1.3 million as at 31 December 2021 from RMB4.8 million as at 31 December 2020. As at 31 December 2021, most of our customers were able to settle with us for our contract assets within 120 days or less with the exception of Customer C, Customer E and some other customers.

As at 31 December 2022, our contract assets aged over 120 days were mainly comprised of contract assets associated with Customer B, which accounted for 88.4% of our contract assets aged over 120 days. Customer B was one of our Group's top five customers during the Track Record Period, which it usually took relatively longer time for the settlement process, given our long-standing business relationship and its good credit history, our Group considered that the credit risks involved with Customer B was low and was therefore willing to allow it a relatively longer billing processing time. As at 28 February 2023, RMB2.9 million, or 68.3% of the contract assets aged over 120 days as at 31 December 2022 was subsequently billed by our Group and accounted as trade receivables.

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As at 28 February 2023, none of the contract assets aged over 180 days as at 31 December 2022 was subsequently billed by our Group and accounted as trade receivables and the remaining balance are still in the process of settlement. Our Directors are of view that the credit risk exposed on the Group's long outstanding contract assets are low as these contract assets are typically associated with our top five customers with high credit rating and good payment history with our Group.

The following table sets forth the average billing processing day after the relevant revenue has been recognised for the year indicated:

	FY2020	FY2021	FY2022
Average billing processing days <i>(Note)</i>	<u>57</u>	<u>49</u>	<u>60</u>

Note: Average billing processing days was calculated based on average balance of contract assets divided by the billing amount after value-added tax for the relevant year and multiplied by 365 days for FY2020, FY2021 and FY2022.

The following table sets forth a breakdown of our contract assets by charging basis as at the date indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Floating fee	19,075	20,880	15,424
Fixed fee	<u>197,706</u>	<u>163,208</u>	<u>176,767</u>
Total (Gross carrying amount)	<u>216,781</u>	<u>184,088</u>	<u>192,191</u>

As at 31 December 2020, 2021 and 2022, the contract assets in relation to the floating fee portion aged within 60 days amounted to RMB18.2 million, RMB20.2 million and RMB14.6 million, representing 95.5%, 96.6% and 94.8% of the corresponding total balances of the floating fee portion, respectively.

As at 28 February 2023, RMB12.3 million, representing 79.9% of our contract assets associated with floating fees income as at 31 December 2022 was subsequently billed by our Group and accounted as trade receivables.

For the contract assets as at the end of each reporting period of the Track Record Period, there were no material disputes received from our Group's customers.

As at 28 February 2023, RMB78.2 million, representing 44.2% of our contract assets associated with fixed fee income as at 31 December 2022 was subsequently billed by our Group and accounted as trade receivables.

Our Group's actual bad debt rates of contract assets as at 31 December 2020, 2021 and 2022 were 0.5%, 0.5% and 0.8%, respectively. The actual bad debt rates were calculated based on allowance for impairment of contract assets at year end divided by the gross carrying amount of contract assets multiplied by 100%.

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Trade receivables

During the Track Record Period, our trade receivables mainly represented receivables due from our customers for our services performed in the ordinary course of business. Our trade receivables were RMB323.4 million, RMB393.0 million and RMB344.9 million as at 31 December 2020, 2021 and 2022, respectively.

The following table sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	326,260	396,647	346,088
Less: allowance for impairment of trade receivables	<u>(2,908)</u>	<u>(3,606)</u>	<u>(1,186)</u>
Trade receivables — net	<u>323,352</u>	<u>393,041</u>	<u>344,902</u>

Our trade receivables increased from RMB323.4 million as at 31 December 2020 to RMB393.0 million as at the same date in 2021 primarily in line with the increase in revenue for the fourth quarter in 2021 as compared with the same period in 2020 and the decrease in trade receivables factoring facilities.

Our trade receivables decreased from RMB393.0 million as at 31 December 2021 to RMB344.9 million as at 31 December 2022 primarily because we entered into an agreement with one of our major customers during the Track Record Period, pursuant to which such customer agreed on a shorter settlement period with us.

The following table sets forth an ageing analysis of our trade receivables on the transaction date and net of provisions, as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1–60 days	218,202	236,000	172,636
61–120 days	87,376	101,344	135,145
121–180 days	16,087	45,801	31,732
Over 180 days	<u>4,595</u>	<u>13,502</u>	<u>6,575</u>
Total	<u>326,260</u>	<u>396,647</u>	<u>346,088</u>

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The following table sets forth the loss allowance provision for the trade receivables as at the dates indicated:

	Trade receivables <i>RMB'000</i>
As at 1 January 2020	3,375
Reversal of loss allowance recognised in profit or loss during the year	<u>(467)</u>
As at 31 December 2020	<u><u>2,908</u></u>
As at 1 January 2021	2,908
Increase in loss allowance recognised in profit or loss during the year	<u>698</u>
As at 31 December 2021	<u><u>3,606</u></u>
As at 1 January 2022	3,606
Reversal of loss allowance recognised in profit or loss during the year	(217)
Written off of bad debt	<u>(2,203)</u>
As at 31 December 2022	<u><u>1,186</u></u>

The following table sets forth our average trade receivables turnover days for the years indicated:

	FY2020	FY2021	FY2022
Trade receivables turnover days (<i>Note</i>)	71	87	102

Note: Trade receivables turnover days were calculated based on the average balance of trade receivables divided by the sum of gross billing amounts after value-added tax for the relevant year and multiplied by 365 days for FY2020, FY2021 and FY2022.

Our trade receivables turnover days increased from 71 days for FY2020 to 87 days for FY2021, mainly because when we renewed our framework agreement with Customer E in June 2020, we extended our credit period granted to Customer E from 126 days to 186 days. Considering the importance of our business relationship with the customers as well as past settlement history of our customers, we may generally allow our customers with a longer settlement period at our customers' request.

Our trade receivables turnover days further increased from 87 days for FY2021 to 102 days for FY2022, primarily due to the relatively slower settlement by certain of our customers.

As at 28 February 2023, RMB186.3 million or 53.8% of the outstanding balance of our trade receivables as at 31 December 2022 had been settled.

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The following table sets forth our average trade receivables and contract assets turnover days for the years indicated:

	FY2020	FY2021	FY2022
Trade receivables and contract assets turnover days (<i>Note</i>)	134	139	153

Note: Trade receivables and contract assets turnover days were calculated based on the average balance of trade receivables and contract assets divided by the sum of gross transaction amounts from marketers assignment service and revenue from customised marketing solution, tasks and marketers matching service and SaaS+ subscription for the relevant year and multiplied by 365 days for FY2020, FY2021 and FY2022.

Our trade receivables and contract assets turnover days increased from 134 days for FY2020 to 139 days for FY2021, primarily because (i) we allowed a longer credit period to brand owner customers with a view to developing long term business relationships with them; and (ii) decrease in trade receivables factoring facilities. Our trade receivables and contract assets turnover days increased from 139 days for FY2021 to 153 days for FY2022 primarily attributable to the further decrease in trade receivables factoring facilities as we reduced our utilisation of trade receivables factoring facilities to save finance costs. Please see “Financial Information — Principal Components of Consolidated Statements of Comprehensive Income — Finance Costs — Net” for further details on trade receivables factoring facilities.

During the Track Record Period, we typically granted our customers a credit term of 30 to 180 days. Our Directors may determine and allow a longer credit period, after taking into account our past business relationships with our major customers and their past settlement history. We may also grant our market-leading customers a more generous credit period. For instance, we have extended credit terms of certain of our major customers during the Track Record Period.

In addition, the fee models that we have adopted also played a significant role in our trade receivables turnover. In addition to charging our customers a fixed services fee, we also charge our customer a floating fee based on the results of specified performance indicators specified in the service agreements which were mainly related to effectiveness of the implementation of the projects, such as sales amount and sales volume etc. These performance indicators were usually assessed monthly, or at the end of a project. The performance indicators were calculated with reference to our customers’ sales performance and financial performance, which would only be available when their management accounts and internal records are prepared at the end of their designated accounting cycles. Invoices will only be issued when the results of performance indicators have been confirmed.

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Internal control measures adopted

In order to ensure the accuracy and completeness of the monthly sales figures collected from marketers for the preparation of our period-end financial statements, we will also obtain monthly sales reports of offline retail stores from our customers (“**POS data**”) to cross-check monthly sales figures inputted by marketers via digitalised tools. Given that POS data is provided by our customers and we have no authority to edit, the said cross-checking process could ensure the accuracy of our sales figures (collected from marketers) which formed the basis of our revenue. In the event of discrepancies between sales figures collected from marketers and POS data, we will communicate with our customers investigate the reasons for the discrepancies and follow up. The settlement of tasks and marketers matching service generally takes place within one month after the services were provided. We prepare monthly settlement report for our customers’ review after crosschecking monthly sales figures collected from marketers against the POS data. Upon our customers’ review and agreement of the monthly settlement report, which has been prepared and cross-checked with the POS data provided by our customers, we will issue invoices to customers and the customers will make settlement according to the invoices. During the Track Record Period, we were not aware of any material difference between monthly sales figures collected from marketers and the POS data, which is provided by our customers’ designated settlement cycle. As such, the revenue amounts recognised generally would not significantly deviate from the amounts as agreed in the settlement process.

Recoverability

Our Directors are of the view that there is no recoverability issues for trade receivables due from our customers, on the following basis:

- During the Track Record Period, most of our customers’ payment was payable with credit term of 30 to 180 days and our trade receivables turnover days were within such range of credit term. In addition, for the same period, we did not experience any material difficulties in collecting trade receivables from our customers. Our trade receivables aged over 120 days only accounted for 6.3%, 15.0% and 11.1% of our trade receivables as at 31 December 2020, 2021 and 2022, respectively. Further, as at 28 February 2023, we had collected 53.8% of our outstanding balance of our trade receivables as at 31 December 2022. As at 28 February 2023, given that most of our outstanding trade receivables as at 31 December 2022 were associated with our top five customers which (i) include market-leading FMCG brand owners (including Fortune Global 500 companies and/or otherwise market-leading FMCG brand owners in the PRC and/or have global presence) and (ii) have good credit history with whom we have long-term business relationships, our Directors consider that the credit risks involved with these customers are low. Our Directors confirm there was no material disagreement or dispute between us and our customers which could adversely affect the recoverability of the trade receivables that remained unsettled.
- In accordance with HKFRS, we have made sufficient loss allowance provisions for trade receivables in the amount of RMB2.9 million, RMB3.6 million and RMB1.2 million as at 31 December 2020, 2021 and 2022, respectively, to mitigate the uncertainties associated with the outstanding amount and continue to make sufficient provisions to account for any potential write-offs and contingent factors.

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- Our management closely monitors the amounts and turnover days for our trade receivables and contract assets to minimise and control credit risk. Our management also reviews the outstanding balance with our customers at regular intervals to ascertain the collectability of our trade receivables and where necessary, our business team may follow up on overdue balances from customers and the collection status would be required to be reported to our management on a weekly basis.
- Furthermore, we have adopted credit control procedures, which require our finance team to (i) regularly provide information to senior management and business team regarding updates on trade receivables, such as ageing condition; and (ii) communicate with our customers from time to time to keep track of their business performance and financial conditions so that our finance team can be informed of any anomaly in time. Our senior management will also closely monitor the settlement status of our trade receivables. These internal credit control procedures have been adopted to minimise our credit risk. We believe our long trade receivable turnover days do not have a material adverse impact on our liquidity and cash management.

Based on the foregoing and considering (i) our Directors were not aware of any material adverse events that may affect the financial condition and credibility of our customers; (ii) most of our customers have demonstrated good historical repayment records; and (iii) we exerted strong efforts in collecting payments for overdue balance and assessed the repayment schedules of customers, while requiring the business and development department to conduct regular communications with them, we were not aware of any recoverability issue and sufficient provision had been made accordingly.

Contract costs

During the Track Record Period, our contract costs mainly represented the costs that relate directly to service contracts that will be used in satisfying performance obligation in the future. Our contract costs decreased from RMB2.4 million as at 31 December 2020 to RMB712,000 as at 31 December 2021 and RMB480,000 as at 31 December 2022, which was generally in line with the decrease in average contract costs of ongoing projects as at the respective dates.

As at 28 February 2023, all of the contract cost as at 31 December 2022 were subsequently utilised by our Group and accounted as cost of services of our Group.

Deposits, other receivables and prepayments

Our deposits, other receivables and prepayments, which comprised (i) value-added tax receivables from customers; (ii) deposits from third parties; (iii) other receivables from staff; (iv) prepayments for Listing expenses; and (v) prepayments to suppliers, amounted to RMB15.6 million, RMB14.9 million and RMB19.8 million as at 31 December 2020, 2021 and 2022, respectively.

As at 28 February 2023, RMB5.5 million, or 27.6% of the deposits, other receivables and prepayments as at 31 December 2022 were subsequently settled/utilised by our Group.

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The following table sets forth a breakdown of our deposits, other receivables and prepayments as at the dates indicated:

	As at 31 December		
	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current portion			
Value-added tax receivables from customers	13,007	11,045	11,026
Deposits — third parties	1,857	1,800	1,943
Other receivables — staff	670	222	121
Others	46	5	—
	15,580	13,072	13,090
Less: allowance for impairment of other receivables	(126)	(106)	(141)
Other receivables — net	15,454	12,966	12,949
Prepayments for Listing expenses	—	1,877	5,847
Prepayment to suppliers	133	103	976
	133	1,980	6,823

Our deposits, other receivables and prepayments decreased from RMB15.6 million as at 31 December 2020 to RMB14.9 million as at the same date in 2021 primarily because of the decrease in value-added tax receivables from customers from RMB13.0 million as at 31 December 2020 to RMB11.0 million as at 31 December 2021, which was in line with the decrease in contract assets.

Our deposits, other receivables and prepayments increased from RMB14.9 million as at 31 December 2021 to RMB19.8 million as at 31 December 2022 primarily due to the increase in prepayments for Listing expenses.

Amounts due to related parties

As at 31 December 2020 and 2021, our amounts due to related parties, were RMB17,000 and nil, respectively. Our amounts due to related parties as at 31 December 2020 represented the outstanding balance due to Guangzhou Cema for their computing services.

As at 31 December 2022 and 28 February 2023, we had amounts due to related parties of RMB1.4 million and RMB1.5 million respectively, which represented a daily working capital loan which was non-trade in nature, unsecured, interest-free, repayable on demand and provided by Mr. Sun to us. Our Directors confirmed that all outstanding amounts due to related parties had been fully settled as at the Latest Practicable Date.

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Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss represented short-term treasury investment products issued by reputable licensed commercial banks in the PRC. Our financial assets at fair value through profit or loss were RMB9.2 million and RMB4.0 million, as at 31 December 2020 and 2021 respectively. The fluctuations in our financial assets at fair value through profit or loss as at the end of each reporting period was primarily the result of (i) the different maturity profile of the said short-term treasury investment products that we invested in; and (ii) the timing and amount we purchased and redeemed the said short-term treasury investment products during each reporting period. Our financial assets at fair value through profit or loss decreased from RMB4.0 million as at 31 December 2021 to nil as at 31 December 2022. The decrease was due to the redemption of all short-term treasury investment products we invested during FY2022 before the end of the year.

Our treasury and investment policy

Pursuant to our investment policy, investments are defined as activities where the Company receives a return on our available capital such as cash and undistributed profits. Our Board is responsible for the overall planning and evaluation of treasury policy and treasury investment, while our finance team is responsible for the execution and implementation, reviewing and reporting of treasury investment to the Board. Subject to approval of our Board, we may make short-term investments on equities, bonds, funds, treasury investment products and derivatives products which can be readily realised within one year. After the Listing, any investment in financial assets, including wealth management products, treasury investment products and other similar types of financial assets, by our Group will be subject to compliance with the applicable requirements under Chapter 14 of the Listing Rules.

We have the following measures in place for our investments in financial assets (which includes wealth management products, treasury investment products and other similar types of financial assets):

- we only use our idle funds or surplus cash to purchase financial assets, and such investment shall not affect our operation activities, working capital requirement and investment in relation to our main scope of business;
- the Board is responsible for the overall planning and evaluation of treasury policy;
- we generally only purchase financial instruments provided by sizeable and reputable licensed commercial banks;
- the financial products we invest in shall be generally low-risk and the expected interest rate per annum of which shall be typically higher than the interest rate of fixed deposits for the corresponding period;
- futures trading is prohibited in principle unless approved by the Board;
- subsidiaries of our Group are not allowed to make investment decisions on their own;
- our Company and our subsidiaries are required to conduct a comprehensive review of our short-term investment at the end of each accounting periods and establish provisions based on the estimated, potential losses in accordance with the applicable accounting policies;

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- our finance team is in charge of the review and risk assessment of financial products based on the risk classifications provided by the issuing licensed commercial banks, expected investment return as well as the potential changes in interest rates and also consider our financial condition, cash position, operating cash requirements, as well as interest rate changes and finalise the plan for investment in financial products for the chief executive officer's and the financial controller's approval. Our finance team is also responsible for execution, implementation review, and reporting of financial product investment to the Board;
- in the event of significant fluctuations in interest rate, our finance team shall conduct analysis in a timely manner and provide the relevant information to the financial controller;
- the performance for each type of investments is reviewed by our Board quarterly, and our investment portfolio and policies are reviewed and monitored by our Board and management team regularly;
- if the consideration for the proposed transaction represents 5% or more of our total assets in our latest audited account, approval from the Board must also be obtained before purchase;
- if the consideration for the proposed transaction represents 25% or more of our total assets in our latest audited account, approvals from the Board and shareholders must also be obtained before purchase; and
- the investment amount granted by the Board to the chief executive officer for pre-approved transactions and the consideration and the assets value (face value or fair value, whichever the higher) for each individual transaction shall not exceed 5% of our total assets in our latest audited account.

The total aggregated transaction amount with any one counter-party shall not, at any time, exceed 25% of the total assets in our latest audited account unless approvals from the Board and our shareholders at general meeting have been obtained before purchase.

During the Track Record Period, we entered into short-term non-principal protected low to medium risk treasury investments products contracts with reputable licensed commercial banks in the PRC. Our management has exercised due care when making investment decisions with a focus only on low-risk treasury investment products. The senior management of our Group possess the management expertise for the investments in financial products. Ms. Chen Li, our financial controller, who had more than 21 years of experience in managing financial affairs and was accredited as a non-practising member by the Shanghai Institute of Certified Public Accountants in March 2014 and as a Certified Management Accountant (CMA) in January 2019 and therefore she is capable of evaluating and assessing the investment risk and return of different investment products. See "Directors and Senior Management — Senior Management" in this prospectus for details in relation to certain information about Ms. Chen Li.

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The following table sets forth the details of the treasury investment products held by our Group at the date indicated:

Product provider	Product type	Subscription date	Principal amount of subscription (RMB '000)	Redeemed/ outstanding	Expiration date	Risk rating	Expected return rate	Investment scope	Asset allocation
As at 31 December 2020									
1. China Merchants Bank Co., Ltd. ("China Merchants Bank")	Non-principal protected fixed income product	28 December 2020	5,000	Redeemed	10 January 2040	R2 ⁽²⁾	Floating rate ⁽³⁾	Note ⁽⁴⁾	Note ⁽⁵⁾
2. China Merchants Bank	Non-principal protected fixed income product	11 November 2020	4,180	Redeemed	10 January 2040	R2 ⁽³⁾	Floating rate ⁽³⁾	Note ⁽⁴⁾	Note ⁽⁵⁾
As at 31 December 2021									
3. China Merchants Bank	Non-principal protected fixed income product	11 May 2021	4,000	Redeemed	10 January 2040	R2 ⁽²⁾	Floating rate ⁽³⁾	Note ⁽⁴⁾	Note ⁽⁵⁾
As at 31 December 2022									
none									

Notes:

- (1) R2 is the second lowest product risk level in the five-level risk classification of China Merchants Bank's investment products ranging from R1 to R5. Products fall under the R2 classification are relatively low in loss of principal risk and the fluctuations in floating return are relatively controllable.
- (2) The rate of return of the product is affected by on the fluctuation in market rates and the actual investment performance of the product manager. The rate of return is calculated on every business day in accordance with the following formula: current rate of return (annualised) = actual current return/number of subscribed product multiplied by 365 days.
- (3) The product mainly invested directly or indirectly in various types of bank deposits, interbank loans, financial assets and financial instruments in the interbank and exchange markets, including but not limited to bank deposits, large value certificates of deposit, bonds, interbank certificates of deposit, asset-backed securities, reverse repos, as well as foreign exchange funds, foreign exchange derivatives and assets managing product targeting at standard debt-based assets and other fixed income financial assets and financial instruments that meet the regulatory requirements. Of which, treasury bills, central bank bills and policy financial bonds with maturities of less than one year should form no less than 5% of the total assets of the product.
- (4) The details of the asset allocation of the investment portfolio are set forth below:

Asset types	Percentage of Allocation
Fixed income assets	Not less than 100%
Under which: liquid assets	Not less than 5%

In addition to the aforementioned measures, the following measures have been adopted to minimise the risks involved in the purchases of protected treasury investment products:

- the treasury investment products should be highly liquid and the redemption period should not exceed seven days;
- the treasury investment products should not be held for more than one year;
- the product risk level of the treasury investment products must not exceed the level of R2; and
- the treasury investment products must be offered by our Group's principal bank in the PRC or its affiliated financial institutions.

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We believe that our investment in financial assets at fair value through profit or loss would not interfere with our business operations or capital expenditures. We will continue to invest in such financial products in accordance of the above-mentioned investment measures after Listing.

Valuation of financial assets measured at fair value

We analyse our financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The main level 3 inputs used by the Group are return rates of the financial assets at FVPL which are derived and evaluated based on the yield rate written in contracts by the counterparties. The following table sets forth the quantitative information about fair value measurements using unobservable inputs.

Description	As at 31 December			Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
	2020 <i>(RMB '000)</i>	2021 <i>(RMB '000)</i>	2022 <i>(RMB '000)</i>			
Fair value	9,180	4,000		— Discounted cash flow	Expected return rate	The higher the expected return rate, the higher the fair value.
Range of unobservable input	2.15%– 2.91%	2.60%– 2.99%		—		

In respect of the assessment of the valuation of (i) our financial assets at FVPL (i.e. short-term treasury investment products); and (ii) our financial assets at FVOCI (i.e. certain trade receivables subject to non-recourse factoring arrangements) with reference to the guidance under the “Guidance Note on Directors’ Duties in the Context of Valuations in Corporate Transactions” issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, our Directors have considered the following key factors: (i) the available market conditions existing at the end of the reporting period; (ii) the terms written in the treasury investment products contracts and the trade receivables for factoring arrangements; (iii) the expected return rates of the treasury investment products and cost of financing in order to assess the level of returns to our Group; (iv) the discounted rates of certain trade receivables; (v) the valuation related policies and other supporting documents; and (vi) the methodology, assumptions and key parameters adopted for our valuation of such financial instruments. Based on the above considerations, our Directors are of the view that the valuation of our Group’s level 3 financial instruments are fair and reasonable and the financial statements of our Group are properly prepared.

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Details of the fair value measurement of our financial assets measured at fair value, particularly the fair value hierarchy, the fair value measurements using unobservable inputs, including valuation techniques, significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 3.3 to the Accountant's 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 analysis performed by our Directors, the Joint Sponsors have conducted relevant due diligence work, including but not limited to, (i) discussing with management of the Company regarding the nature and background of its investments in the short-term treasury investment products and certain trade receivables, including the expected yield rates and the reasons for making such short-term treasury investments; (ii) reviewing the relevant treasury investment contracts and trade receivables factoring contracts; (iii) understanding from the management of Company the key basis and assumptions for the valuation of financial assets categorised as level 3 fair value measurements; (iv) reviewing relevant notes in the Accountant's Report as contained in Appendix I to this prospectus; and (v) discussing with the Reporting Accountant to understand the work they have performed in relation to the valuation of level 3 financial assets for the purpose of reporting on the historical financial information of the Group for the Track Record Period as a whole. Having considered the work done by our Directors and the Reporting Accountant and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that indicates that the management of the Company have not undertaken sufficient investigation and due diligence would to prepare valuation on the Group's level 3 financial instruments.

Cash and cash equivalents

Our cash and cash equivalents consisted of our cash on hand, cash at bank and other financial institutions with original maturities of three months or less. Our cash and cash equivalents were RMB9.1 million, RMB20.3 million and RMB62.7 million as at 31 December 2020, 2021 and 2022, respectively. Our cash and cash equivalents were mainly denominated in RMB. Our cash and cash equivalents increased from RMB9.1 million as at 31 December 2020 to RMB20.3 million as at 31 December 2021, primarily because the increase in net cash generated from operating activities and investing activities outweighed the increase in net cash used in financing activities. Our cash and cash equivalents increased from RMB20.3 million as at 31 December 2021 to RMB62.7 million as at 31 December 2022, primarily generated from the increase in cash from operating activities and a decrease in income tax paid.

Trade and other payables

Our trade and other payables primarily consisted of (i) trade payables; (ii) accrued staff costs; (iii) refund on pension return to customers; (iv) other tax payables; (v) payable for Listing expenses; (vi) accrual expenses; (vii) reimbursement and refund payables; (viii) payables for acquisition of intangible assets and (ix) others. As at 31 December 2020, 2021 and 2022, our trade and other payables were RMB261.3 million, RMB234.2 million and RMB203.0 million, respectively.

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The following table set forth our trade and other payables as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>45,596</u>	<u>45,739</u>	<u>52,066</u>
Other payables:			
— Accrued staff costs	95,113	95,040	79,977
— Refund on pension return to customers (Note)	58,866	52,305	48,015
— Other tax payables	55,156	34,150	16,449
— Payable for Listing expenses	—	2,799	4,098
— Accrual expenses	1,478	2,019	922
— Reimbursement and refund payables	3,642	1,425	712
— Payables for acquisition of intangible assets	396	—	—
— Others	<u>1,032</u>	<u>719</u>	<u>793</u>
	<u>215,683</u>	<u>188,457</u>	<u>150,966</u>
Trade and other payables	<u>261,279</u>	<u>234,196</u>	<u>203,032</u>

Note: Due to the impact of COVID-19, our Group was reduced from social security payments by the government for a certain period during the year ended 2020. The total payment, received from customers in relation to marketers assignment service for settling the social insurance obligation but subsequently reduced by the government, was RMB70.8 million. As advised by our PRC Legal Adviser, under the Social Insurance Contribution Reduction Policy, only the employing entity (being our Group) is eligible and entitled to reduction of social insurance payment. Furthermore, we, at our own discretion and gesture of goodwill, may refund such payment to its customers upon customers' request and arm's length negotiation with the Group. Taking into consideration the aforementioned factors, as a prudent approach from the accounting perspective, our Group recognised the amount of such reduction of payment as our other payables and did not retain any reduced amount of social security payment as it is uncertain and unclear when and if such reduction of payment should be refunded to our marketers assignment service customers as we consider ourselves as an agent of our customers for the marketers assignment service business. In view of the above, and taking into consideration of the well-established business relationship with our customers, we had negotiated with certain of our customers for returning above payment during the Track Record Period on an arm's length basis and the total amount which had been refunded to relevant customers amounted to RMB11.9 million, RMB6.6 million and RMB4.3 million for each year during the Track Record Period and the refundable balances were amounted to RMB58.9 million, RMB52.3 million and RMB48.0 million as at 31 December 2020, 2021 and 2022 respectively. Further refund will be made at the request of our customers subject to arm' length negotiation on refund arrangement, including, but not limited to timing and payment terms. See Note 25(a) to Accountant's Report in Appendix I to this prospectus for further details.

As at 28 February 2023, RMB130.6 million, or 64.3% of the trade and other payables as at 31 December 2022 were subsequently settled by our Group.

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Trade payables

Our trade payables represent unpaid liabilities for services and products provided to us by our suppliers, which mainly include (i) labour service providers; (ii) event consumables suppliers; (iii) data service and related IT service providers. The following table sets forth the ageing analysis of our trade payables as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Up to 90 days	<u>45,596</u>	<u>45,739</u>	<u>52,066</u>

Our trade payables remained relatively stable at RMB45.6 million and RMB45.7 million as at 31 December 2020 and 31 December 2021, respectively. Our trade payables then increased to RMB52.1 million as at 31 December 2022, primarily due to the delayed payment to suppliers as a result of the COVID-19 pandemic.

As at the 28 February 2023, RMB41.9 million, or 80.5% of our trade payables as at 31 December 2022 were settled.

The following table sets forth our trade payables turnover days for the years indicated:

	FY2020	FY2021	FY2022
Trade payables turnover days (<i>Note</i>)	72	70	91

Note: Trade payables turnover days are calculated by dividing the average of the opening and closing balances of trade payables of the relevant year by total cost (excluding employee benefit expenses and impairment losses on inventories) for the relevant period and multiplied by 365 days for FY2020, FY2021 and FY2022.

For FY2020 and FY2021, our trade payables turnover days remained relatively stable at 72 days and 70 days, respectively. For FY2022, our trade payables turnover days increased to 91 days, which was primarily due to our prolonged settlement process as a result of administrative disruptions caused by the COVID-19 pandemic.

Contract Liabilities

Our contract liabilities primarily arise from customer advance payment in relation to our services while the underlying services are yet to be provided.

During the Track Record Period, our contract liabilities associated with marketers assignment service decreased from RMB3.6 million as at 31 December 2020 to RMB3.3 million as at 31 December 2021, then increased to RMB6.9 million as at 31 December 2022. Our contract liabilities mainly arise from prepayment that we received from one of our customers. The fluctuations represented the prepayments that we received versus the services that we rendered.

As at 28 February 2023, RMB2.1 million, or 30.3% of the contract liabilities as at 31 December 2022 were subsequently utilised by our customers and accounted as revenue by our Group.

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Income tax payables

Our income tax payables represented the income tax due under the PRC corporate tax law. Our income tax payables decreased from RMB22.4 million as at 31 December 2020 to RMB7.5 million as at 31 December 2021, which was because we recognised social insurance payments, which was received from our customers but subsequently reduced by government as relief policies addressing the impact of the COVID-19 pandemic, under marketers assignment service as revenue for our taxable profit for FY2020. Our income tax payables further decreased to RMB5.6 million as at 31 December 2022, primarily because we have settled our income tax payment for FY2021 at the end of June 2022.

INDEBTEDNESS

The table below set forth the breakdown of indebtedness of our Group as at the dates indicated:

	As at 31 December			As at
	2020	2021	2022	28 February 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Bank borrowings (secured and/or guaranteed)	31,000	54,800	61,273	56,273
Lease liabilities (unsecured and unguaranteed)	8,626	5,911	2,374	2,028
Amounts due to related parties (unsecured and unguaranteed)	<u>17</u>	<u>—</u>	<u>1,447</u>	<u>1,506</u>
Total	<u>39,643</u>	<u>60,711</u>	<u>65,094</u>	<u>59,807</u>

As at 28 February 2023, being the latest practicable date for determining our indebtedness, we had outstanding indebtedness of RMB59.8 million comprising (i) bank borrowings of RMB56.3 million, (ii) unsecured and unguaranteed lease liabilities of RMB2.0 million; and (iii) unsecured and unguaranteed amounts due to related parties of RMB1.5 million. In addition, certain of our Group's bank and other borrowings were guaranteed by our Controlling Shareholders and/or their respective close associates over the Track Record Period, which had been released since August 2022. As at 28 February 2023, we did not have any other banking facilities, borrowings, mortgages, charges, debentures, or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptance, acceptance credits, hire purchase commitments, contingent liabilities or guarantees.

As at 28 February 2023, we had unutilised banking facilities of RMB23.7 million, which represented secured credit facilities provided by licensed banks in the PRC.

Our Directors confirm that there has not been any material change in indebtedness and contingent liabilities of our Group since the Latest Practicable date and up to the date of this prospectus.

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Lease liabilities

Our lease liabilities represented the present value of outstanding lease payments under our lease agreements.

The following table sets forth our lease liabilities as at the dates indicated:

	As at 31 December			As at
	2020	2021	2022	28 February 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current portion	5,056	3,778	2,319	1,811
Non-current portion	<u>3,570</u>	<u>2,133</u>	<u>55</u>	<u>217</u>
Total	<u>8,626</u>	<u>5,911</u>	<u>2,374</u>	<u>2,028</u>

Our lease liabilities decreased from RMB8.6 million as at 31 December 2020, to RMB5.9 million as at 31 December 2021, and then further decreased to RMB2.4 million as at 31 December 2022 and RMB2.0 million as at 28 February 2023, primarily due to the decreases in the discounted value of future lease payments as a result of the decrease in the lease term.

Borrowings

Our borrowings represented our secured bank borrowings. As at 31 December 2020, 2021 and 2022 and 28 February 2023, all of our borrowings were repayable within one year or on demand and were denominated in RMB. The following table sets forth the nature, interest rate profile and weighted average interest rate of our interests-bearing bank borrowings as at the dates indicated:

	As at 31 December			As at
	2020	2021	2022	28 February 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current secured and/or guaranteed bank borrowings	<u>31,000</u>	<u>54,800</u>	<u>61,273</u>	<u>56,273</u>
Weighted average effective interest rate	4.9%	4.7%	4.2%	4.2%

We borrow from banks mainly for our supporting working capital needs. As at 31 December 2020 and 2021, our bank borrowings were secured and/or guaranteed by a combination of any of the followings: (i) charge over properties held by Mr. Sun and his spouse; (ii) personal guarantees provided by Mr. Sun and his spouse; (iii) corporate guarantees by certain subsidiaries of our Company; and (iv) guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises. All such security/guarantees provided by Mr. Sun and his spouse for our banking borrowings had been released since August 2022.

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As at 31 December 2022 and Latest Practicable Date, our bank borrowings were guaranteed by (i) corporate guarantees provided by certain subsidiaries of our Company; and (ii) guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises.

Our borrowings increased from RMB31.0 million as at 31 December 2020 to RMB54.8 million as at 31 December 2021, and then further increased to RMB61.3 million as at 31 December 2022. This was primarily because we strategically adjusted our debt financing mix by increasing amount of bank borrowings and decreasing amount of trade receivables factoring, having taken into account that working capital required for our daily operation and business expansion. During the Track Record Period, weighted average effective interest rate of our bank borrowings ranged from 4.2% to 4.9%, whereas interest rate of our trade receivables factoring ranged from 2.5% to 4.0%.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not breached any financial covenant or defaulted in repayment of bank borrowings or other loan facilities that were due.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we did not have any material contingent liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have financed our capital expenditures and working capital requirements mainly through cash generated from our operating activities, bank borrowings and capital injection from shareholders. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

Cash Flows

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

	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash flows before changes in working capital	83,883	93,511	85,260
Changes in working capital	<u>(24,567)</u>	<u>(36,688)</u>	<u>10,646</u>
Net cash generated from operations	59,316	56,823	95,906
Income tax paid	<u>(13,513)</u>	<u>(36,713)</u>	<u>(24,303)</u>
Net cash generated from operating activities	45,803	20,110	71,603
Net cash generated from investing activities	83,976	4,794	4,527
Net cash used in financing activities	(139,889)	(13,697)	(33,743)
Net (decrease)/increase in cash and cash equivalents	(10,110)	11,207	42,387
Cash and cash equivalents at the beginning of the year	<u>19,220</u>	<u>9,110</u>	<u>20,317</u>
Cash and cash equivalents at the end of the year	<u>9,110</u>	<u>20,317</u>	<u>62,704</u>

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Cash flows from operating activities

Our cash flows from operating activities reflect our profit before income tax as adjusted for (i) non-cash or non-operating income and expenses, such as finance income and costs, loss/(gain) on disposal of assets, fair value gains from FVPL, amortisation and depreciation, shares of losses/(profit) from associates — net and (reversal of impairment losses)/impairment losses on trade receivables, contract assets and other receivables; (ii) changes in working capital, including current assets such as contract assets and inventories and current liabilities such as trade and other payables and contract liabilities; and (iii) the effect of income tax paid.

For FY2022, we had net cash generated from operating activities of RMB71.6 million. Operating cash flows before changes in working capital were RMB85.3 million, primarily reflecting profit before income tax of RMB76.6 million, as positively adjusted by finance costs of RMB3.1 million and amortisation and depreciation of RMB6.0 million. Changes in working capital contributed a cash inflow in the amount of RMB10.6 million consisting primarily of decrease in trade receivables of RMB47.6 million, increase in contract assets of RMB8.1 million and decrease in trade and other payables of RMB31.2 million.

For FY2021, we had net cash generated from operating activities of RMB20.1 million. Operating cash flows before changes in working capital were RMB93.5 million, primarily reflecting profit before income tax of RMB81.5 million, as positively adjusted by finance cost of RMB4.9 million and amortisation and depreciation of RMB7.4 million. Changes in working capital contributed a cash outflow in the amount of RMB36.7 million consisting primarily of increase in trade receivables of RMB72.5 million and decrease in contract assets of RMB32.7 million.

For FY2020, we had net cash generated from operating activities of RMB45.8 million. Operating cash flows before changes in working capital were RMB83.9 million, primarily reflecting profit before income tax of RMB73.4 million, as positively adjusted by finance costs of RMB4.6 million and amortisation and depreciation of RMB7.5 million. Changes in working capital contributed a cash outflow in the amount of RMB24.6 million consisting primarily of increase in trade receivables of RMB99.5 million and a decrease in contract assets of RMB34.6 million.

Cash flows used in investing activities

We derive our cash inflows from investing activities primarily included proceeds from subscription of/redemption of financial assets at fair value through profit or loss and repayment from a director of the Company. Our cash used in investing activities principally reflects our cash used on subscription of financial assets at fair value through profit or loss and advance to related parties of the Company.

For FY2022, we had net cash generated from investing activities of RMB4.5 million, primarily as a result of subscription of financial assets at fair value through profit or loss of RMB683.8 million, which is partially offset by redemption of financial assets at fair value through profit or loss of RMB688.6 million.

For FY2021, we had net cash generated from investing activities of RMB4.8 million, primarily as a result of redemption of financial assets at fair value through profit or loss of RMB581.8 million, which is partially offset by subscription of financial assets at fair value through profit or loss of RMB576.1 million.

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For FY2020, we had net cash generated from investing activities of RMB84.0 million, primarily as a result of (i) proceed from redemption of financial assets of RMB425.6 million; (ii) repayment from a related party of the Company of RMB115.9 million; and (iii) interest received of RMB6.7 million, which is partially offset by (i) subscription of financial assets of RMB434.5 million; and (ii) advance to directors of the Company of RMB28.7 million.

Cash flows from financing activities

We derive our cash inflows from financing activities primarily from proceeds of bank borrowings and advance from management of the Company. Our cash used in financing activities principally reflects our cash used on interest paid, repayments of lease liabilities, repayment of bank borrowings, repayment to management of the Company and dividend distribution to the then shareholders.

For FY2022, we had net cash used in financing activities of RMB33.7 million, primarily as a result of (i) repayment of lease liabilities of RMB5.0 million; (ii) repayment of bank borrowings of RMB54.8 million; (iii) deemed distribution to shareholders for Reorganisation of RMB34.7 million; and (iv) payment of Listing expenses of RMB3.3 million, which is partially offset by (i) proceeds from bank borrowings of RMB61.3 million; and (ii) capital injection from shareholder RMB3.5 million.

For FY2021, we had net cash used in financing activities of RMB13.7 million, primarily as a result of proceeds from bank borrowings of RMB74.6 million, which is partially offset by (i) repayment of bank borrowings of RMB50.8 million; (ii) interest paid of RMB2.4 million; (iii) payment of Listing expenses of RMB1.7 million; (iv) repayment of lease liabilities of RMB5.8 million; and (v) dividend distribution of RMB26.2 million.

For FY2020, we had net cash used in financing activities of RMB139.9 million, primarily as a result of (i) dividend distribution to shareholders of RMB138.8 million; (ii) repayment of bank borrowings of RMB49.9 million; (iii) repayments of lease liabilities of RMB5.5 million; and (iv) interest paid of RMB1.2 million, which is partially offset by proceeds of bank borrowings of RMB54.0 million.

WORKING CAPITAL CONFIRMATION

During the Track Record Period, we met our working capital needs mainly from our cash and cash generated from operations and short-term bank borrowings. We manage our cash flow and working capital by closely monitoring and managing our operations. We also diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. We generally maintained a stable working capital position during the Track Record Period.

Taking into consideration the financial resources presently available to us, including the expected cash generated from our operations, available financing facilities and the estimated net proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital for our present working capital requirements for at least the next 12 months from the date of this prospectus.

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CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

Our capital expenditures primarily consisted of expenditures on (i) purchase of plant and equipment; (ii) purchase of intangible assets; and (iii) shareholding acquisition from non-controlling interests for a subsidiary. For FY2020, FY2021 and FY2022, our capital expenditure were RMB1.1 million, RMB2.5 million and RMB392,000, respectively.

We estimated that our capital expenditures for the year ending 31 December 2023 will be RMB21.4 million, which we intend to use primarily for purchase of software, hardware, network equipment and office equipment in accordance with our future plans. We expect to fund these capital expenditures with our available cash resources and net proceeds from Global Offering.

Capital commitments

We had no capital commitment as at 31 December 2020, 2021 and 2022.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios as at the dates or for the years indicated:

	As at and for the year ended 31 December		
	2020	2021	2022
Revenue growth ⁽¹⁾	-13.1%	0.7%	48.5%
Gross profit margin ⁽²⁾	39.6%	40.9%	28.1%
Net profit margin ⁽³⁾	13.0%	14.2%	8.5%
Adjusted net profit margin (non-HKFRS measure) ⁽⁴⁾	13.0%	16.2%	11.4%
Current Ratio ⁽⁵⁾	1.8	2.0	2.2

Notes:

- (1) Revenue growth ratio equals revenue growth divided by revenue for the same period of the last year.
- (2) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the year.
- (3) The calculation of net profit margin is based on profit for the year divided by revenue for the year.
- (4) Adjusted net profit margin (non-HKFRS measure) equals adjusted net profit (non-HKFRS measure) divided by revenues for the year.
- (5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, our transactions with related parties mainly consisted of (i) interests income received from one of our Controlling Shareholders; and (ii) certain transactions with Guangzhou Cema. Our transactions with related parties were conducted in the normal course of business at prices and terms mutually agree among the parties.

The following table sets forth the summary of our transactions with related parties for the years indicated:

	FY2020 <i>RMB'000</i>	FY2021 <i>RMB'000</i>	FY2022 <i>RMB'000</i>
Interest income received from			
— Mr. Sun	2,857	—	—
	FY2020	FY2021	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Research and technical service fees			
— Guangzhou Cema	(413)	(441)	—

The following table sets forth our amounts due to related parties as at the dates indicated:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to related parties			
Mr. Sun	—	—	1,447
Guangzhou Cema	17	—	—
	17	—	1,447

As at 31 December 2020, 2021 and 2022, our amounts due to related parties were RMB17,000, nil and RMB1.4 million. As at 28 February 2023, we had amounts due to related parties of RMB1.5 million, representing a daily working capital loan which was non-trade in nature, unsecured, interest-free, repayable on demand and provided by Mr. Sun to us. Our Directors confirmed that all outstanding amounts due to related parties had been fully settled as at the Latest Practicable Date.

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The following table sets forth the related parties who had given personal guarantees for our Group's bank borrowings:

	As at 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Guarantees for bank borrowings			
— Mr. Sun and Mrs. Sun	31,000	54,800	—

For FY2020, FY2021 and FY2022, Mr. Sun and Mrs. Sun had provided personal guarantee to secure the bank borrowings, amounted to RMB31.0 million, RMB54.8 million and nil, respectively. All guarantees provided by Mr. Sun and his spouse for our banking borrowings had been released since August 2022.

Our Directors believe the terms of our transactions with related parties were negotiated on normal commercial terms and in the interests of the Company and its shareholders as a whole. Further, our Directors are of view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance. See Note 28 to Accountant's Report in Appendix I to this prospectus for further details on our related party transactions.

FINANCIAL RISKS MANAGEMENT

Our activities expose to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance. We regularly manages the financial risks of our Group. Because of the simplicity of the financial structure and the current operations of our Group, no hedging activity is undertaken by management. The board of Directors reviews and agrees to policies for managing each of these risks and they are summarised below.

Credit risk

The credit risk of our Group's other financial assets, which comprise financial assets at fair value through profit or loss, trade receivables, other receivables and contract assets were included in the consolidated statements of financial position.

Our Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks whose credit rating are AAA or AA+. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Our Group expects that there is no significant credit risk associated with financial assets at FVPL as the Group invests in treasury investment products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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As at each year end during the Track Record Period, our Group is exposed to concentration of credit risk on trade receivables and contract assets from our Group's five largest customers, which amounted to RMB387.6 million, RMB424.3 million and RMB383.3 million and accounted for 71.4%, 73.1% and 71.2% of the total trade receivables and contract assets balance before loss allowance respectively. The major customers of our Group are reputable organisations and with good repayment history. Management considers that the credit risk is limited in this regard.

Our Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and ageing period. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Our Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Our Group divided trade receivables and contract assets into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, our Group calculated the expected credit loss rates respectively.

For category 1, our Group considers that these customers have a good credit profile and no default history. Also, these customers are financially capable of settling the outstanding amount. The expected credit loss for these customers are assessed individually. For category 2, the expected credit loss rates for the trade receivables is determined according to a provision matrix where balances that are mainly less than 12 months overdue are provided for at expected credit loss rates. The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors (i.e. Gross Domestic Product and Consumer Price Index) affecting the ability of the customers to settle the receivables. Based on the management assessment, the provision for impairment of trade receivables and contract assets is RMB4.0 million, RMB4.4 million and RMB2.8 million as at 31 December 2020, 2021 and 2022, respectively. The expected loss allowance provision for these balances was not material during the Track Record Period. In view of the sound collection history of receivables, the management believes that the credit risk inherent in our Group's outstanding trade receivable balances is not significant.

FINANCIAL INFORMATION

The following table sets forth a summary of our provision for impairment of assets for category 1 customers for the years indicated:

	Aaa	Aa	A	Baa	Ba	Total
As at 31 December 2020						
Gross carrying amount (RMB'000)	927	183,532	258,888	81,189	—	524,536
Expected credit loss rates	0.02%	0.03%	0.04%	0.09%	0.95%	
Loss allowance (RMB'000)	<u>—*</u>	<u>(58)</u>	<u>(95)</u>	<u>(71)</u>	<u>—</u>	<u>(224)</u>
Net carrying amount (RMB'000)	<u><u>927</u></u>	<u><u>183,474</u></u>	<u><u>258,793</u></u>	<u><u>81,118</u></u>	<u><u>—</u></u>	<u><u>524,312</u></u>
	Aaa	Aa	A	Baa	Ba	Total
As at 31 December 2021						
Gross carrying amount (RMB'000)	728	205,582	288,078	55,334	—	549,722
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	<u>—*</u>	<u>(63)</u>	<u>(113)</u>	<u>(43)</u>	<u>—</u>	<u>(219)</u>
Net carrying amount (RMB'000)	<u><u>728</u></u>	<u><u>205,519</u></u>	<u><u>287,965</u></u>	<u><u>55,291</u></u>	<u><u>—</u></u>	<u><u>549,503</u></u>
	Aaa	Aa	A	Baa	Ba	Total
As at 31 December 2022						
Gross carrying amount (RMB'000)	838	200,354	263,129	35,562	—	499,883
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	<u>—*</u>	<u>(58)</u>	<u>(93)</u>	<u>(27)</u>	<u>—</u>	<u>(178)</u>
Net carrying amount (RMB'000)	<u><u>838</u></u>	<u><u>200,296</u></u>	<u><u>263,036</u></u>	<u><u>35,535</u></u>	<u><u>—</u></u>	<u><u>499,705</u></u>

* Less than RMB1,000.

Note: Our customers' portfolio under category 1 remained relatively stable during the Track Record Period and these customers are listed or large corporations with relatively long history in the market and financially sound. Therefore, the expected credit loss rates of these customers for the grading of "Aaa", "Aa" and "A", which had a relatively low credit risk and no default history based on the external credit rating, remained relatively stable during the Track Record Period.

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The following table sets forth a summary of our provision for impairment of assets for category 2 customers for the years indicated:

	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
As at 31 December 2020									
Gross carrying amount (RMB'000)	13,392	817	1,623	124	40	—	—	2,509	18,505
Expected credit loss rates	7.16%	7.22%	11.09%	12.10%	22.50%	68.76%	100.00%	100.00%	
Loss allowance (RMB'000)	(959)	(59)	(180)	(15)	(9)	—	—	(2,509)	(3,731)
Net carrying amount (RMB'000)	<u>12,433</u>	<u>758</u>	<u>1,443</u>	<u>109</u>	<u>31</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,774</u>
	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
As at 31 December 2021									
Gross carrying amount (RMB'000)	14,763	11,512	1,582	141	259	239	—	2,517	31,013
Expected credit loss rates	5.16%	5.16%	7.96%	8.51%	16.99%	68.62%	100.00%	100.00%	
Loss allowance (RMB'000)	(762)	(594)	(126)	(12)	(44)	(164)	—	(2,517)	(4,219)
Net carrying amount (RMB'000)	<u>14,001</u>	<u>10,918</u>	<u>1,456</u>	<u>129</u>	<u>215</u>	<u>75</u>	<u>—</u>	<u>—</u>	<u>26,794</u>
	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
As at 31 December 2022									
Gross carrying amount (RMB'000)	26,157	8,589	1,645	1,315	445	—	177	68	38,396
Expected credit loss rates	5.75%	5.75%	7.96%	9.58%	17.08%	61.03%	100.00%	100.00%	
Loss allowance (RMB'000)	(1,503)	(494)	(131)	(126)	(76)	—	(177)	(68)	(2,575)
Net carrying amount (RMB'000)	<u>24,654</u>	<u>8,095</u>	<u>1,514</u>	<u>1,189</u>	<u>369</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,821</u>

Other receivables at amortised cost mainly represented other receivables and deposits in well-known companies. Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is immaterial. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in our Group's outstanding other receivable balances was not significant.

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Liquidity risk

Liquidity risk is the risk that we become unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding.

Our Group's objective is to maintain sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, our management aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available. During the Track Record Period, we typically granted our customers a credit term of 30 to 180 days, whereas the credit terms offered by our suppliers to us were within 90 days, except for certain suppliers required us to make prepayment. With our revenue continuously growing, the mismatch between trade receivables turnover days and trade payables turnover days may put us at liquidity risk. Further, any default or delay in payment by our customers or our failure to collect trade receivables from them may broaden our cashflow mismatch, which may also result in cash flow shortcomings in the future and affect our cash position and results of operations.

The maturity profile of our Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
As at 31 December 2020					
Trade and other payables (excluding non-financial liabilities)	111,010	—	—	—	111,010
Amount due to a related party	17	—	—	—	17
Bank borrowings and interest payments	31,657	—	—	—	31,657
Lease liabilities (including interest payments)	<u>5,382</u>	<u>2,591</u>	<u>1,121</u>	—	<u>9,094</u>
	<u>148,066</u>	<u>2,591</u>	<u>1,121</u>	—	<u>151,778</u>
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
As at 31 December 2021					
Trade and other payables (excluding non-financial liabilities)	105,006	—	—	—	105,006
Bank borrowings and interest payments	55,333	—	—	—	55,333
Lease liabilities (including interest payments)	<u>3,956</u>	<u>1,971</u>	<u>212</u>	—	<u>6,139</u>
	<u>164,295</u>	<u>1,971</u>	<u>212</u>	—	<u>166,478</u>

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	Within 1 year	1 to 2 year	2 to 3 year	Over 3 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022					
Trade and other payables (excluding non-financial liabilities)	106,606	—	—	—	106,606
Amount due to a related party	1,447	—	—	—	1,447
Bank borrowings and interest payments	62,033	—	—	—	62,033
Lease liabilities (including interest payments)	<u>2,379</u>	<u>56</u>	<u>—</u>	<u>—</u>	<u>2,435</u>
	<u><u>172,465</u></u>	<u><u>56</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>172,521</u></u>

Capital risk management

Our Group's objectives when managing capital are to safeguard our Group's ability to continue as going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Our Group uses equity to finance its operations. In order to maintain or adjust the capital structure, our Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, our Group monitors capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities and amounts due to related parties less cash and cash equivalents and financial assets at fair value through profit or loss. Total capital is calculated as "total equity" as shown in the consolidated statements of financial position.

Our Group's strategy is to maintain a gearing ratio at a minimal level. The gearing ratio as at the dates indicated were as follows:

	As at 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings	31,000	54,800	61,273
Lease liabilities	8,626	5,911	2,374
Amounts due to related parties	17	—	1,447
Less: Cash and cash equivalents	(9,110)	(20,317)	(62,704)
Less: Financial assets at fair value through profit or loss	<u>(9,180)</u>	<u>(4,000)</u>	<u>—</u>
Net debt	21,353	36,394	2,390
Total equity	<u>267,437</u>	<u>325,031</u>	<u>346,494</u>
Gearing ratio	<u>8.0%</u>	<u>11.2%</u>	<u>0.7%</u>

FINANCIAL INFORMATION

DIVIDEND

No dividend has been paid or declared by our Company since its incorporation. Save for the dividends of RMB165.0 million declared by Plus Shanghai to its then shareholders for FY2020, no dividend was declared or paid by our Group during the Track Record Period and up to the date of this prospectus.

Our Company is a holding company incorporated in the Cayman Islands. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may recommend a payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and such other conditions and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend shall be proposed and approved by the Board in accordance with the Articles, the Cayman Companies Act and any applicable laws and regulations. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors. There is no assurance that dividends of any amount will be declared or be distributed in any year.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of the Shares on the Stock Exchange.

DISTRIBUTABLE RESERVES

As at 31 December 2022, our Group had distributable reserves of RMB194.4 million.

LISTING EXPENSES

Listing expenses represented professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. Assuming an Offer Price of HK\$11.2 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option, we expect to incur Listing expenses of a total of RMB46.8 million (equivalent to approximately HK\$53.3 million), representing approximately 19.0% of the gross proceeds from the Global Offering and consisting of RMB1.9 million in underwriting fees and RMB44.9 million in non-underwriting fees (comprising fees and expenses of legal advisers and reporting accountant of RMB27.5 million and other fees and expenses of RMB17.4 million). Our Listing expenses charged to profit or loss amounted to nil, RMB8.4 million and RMB17.9 million, for FY2020, FY2021 and FY2022, respectively.

In addition, we estimate that an additional Listing expenses of RMB20.5 million will be further incurred by us, of which RMB11.3 million (comprising fees and expenses of legal advisers and reporting accountant of RMB8.7 million and other fees and expenses of RMB2.6 million) is expected to be charged to our consolidated statement of profit or loss and RMB9.2 million (comprising underwriting fees of RMB1.9 million, fees and expenses of legal advisers and reporting accountant of RMB5.0 million and other fees and expenses of RMB2.3 million) is expected to be deducted from equity upon Listing, which is directly attributable to the issue of the Shares. The Listing expenses above are the best estimate as of Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to owners of our Company as at 31 December 2022 as if the Global Offering had taken place on 31 December 2022, assuming the Over-allotment Option is not exercised.

The Unaudited Pro Forma Financial Information is prepared based on our consolidated net assets attributable to owners of our Company as at 31 December 2022 as set out in the Accountant’s Report in Appendix I to this prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes below.

The Unaudited Pro Forma Financial Information has been prepared by our Directors for illustrative purposes only, based on the judgements and assumptions of our Directors, and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets attributable to owners of our Company had the Global Offering been completed as at 31 December 2022 or at any future dates following the Global Offering.

	Audited consolidated net tangible assets attributable to owners of our Company as at 31 December 2022	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company as at 31 December 2022	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share	
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB</i>	<i>HK\$</i>
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>	<i>Note 4</i>
Based on an Offer Price of HK\$10.6 per Offer Share	<u>346,494</u>	<u>212,545</u>	<u>559,039</u>	<u>4.50</u>	<u>5.12</u>
Based on an Offer Price of HK\$11.8 per Offer Share	<u>346,494</u>	<u>238,098</u>	<u>584,592</u>	<u>4.71</u>	<u>5.36</u>

Notes:

1. Our audited consolidated net tangible assets attributable to owners of our Company as at 31 December 2022 is extracted from the Accountant’s Report in Appendix I to this prospectus, which is based on our audited consolidated net assets attributable to owners of our Company as at 31 December 2022 of RMB346,494,000.
2. The estimated net proceeds from the Global Offering are based on 25,000,000 Offer Shares and the indicative Offer Prices of HK\$10.6 per Offer Share and HK\$11.8 per Offer Share, being the low end and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB26,223,000 which have been accounted for in the consolidated statement of comprehensive income of the Group up to 31 December 2022), without taking into account of any Shares which may be allotted and issued upon our exercise of the Over-allotment Option, or any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.

FINANCIAL INFORMATION

3. Our unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 124,200,400 Shares were in issue assuming the Share Subdivision and Global Offering had taken place on 31 December 2022, excluding the 1,000,000 Shares (after Share Subdivision) under the RSU Scheme that were accounted for as treasury shares, and without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.
4. For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the amounts stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.8782 to HK\$1. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
5. No adjustment has been made to reflect any trading results or other transactions of us entered into subsequent to 31 December 2022.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as at the date of this prospectus, there has been no material adverse change in our financial and trading positions or prospects since 31 December 2022, this being the end of the period reported on in the Accountant's Report set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For a detailed description of our future plans, see “Business — Our growth strategies”.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$226.7 million, assuming an Offer Price of HK\$11.2 per Offer Share (being the mid-point of the indicative Offer Price range of HK\$10.6 and HK\$11.8 per Offer Share) and after deduction of underwriting fees, commissions and other estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to utilise the net proceeds as follows:

- 32.0% of the net proceeds, or HK\$72.5 million, will be used for enhancing our core technology capabilities and fundamental R&D:
 - 17.1% of the net proceeds, or HK\$38.7 million, will be used for continuous upgrading of our FMES platform and digitalised tools. In particular,
 - with respect to our FMES platform, we will strengthen the capabilities and improve certain of our digitalised products, including *BrandKEY*, *Channel Station* and *Touchkit*, and develop platform-level operation system that contain necessary functions, such as marketers operation system and points of sale operation system to provide a wider range of services to our customers;
 - with respect to our digitalised tools, we will upgrade and develop new features to meet the evolving market demands, thereby enabling better utilisation of our digitalised tools to support our service offerings and minimising our manual input in the provision of our services;
 - with respect to our SaaS+ subscription, we will digitalise our customers’ offline sales and marketing activities and offer services and/or digitalised tools to serve a wider variety of offline retail operation, thereby allowing us to cater to diversified customer needs; and
 - with respect to data empowerment, we will focus on operations in the aspects of R&D and optimisation of algorithms, thereby enabling our customers to overcome data barriers and improving their operational efficiency and effectiveness. For example, we will establish business systems to support our FMES platform and digitalised tools and indexes of data tags, algorithm, performance indicators of sales and promotional activities, etc.;
 - 5.0% of the net proceeds, or HK\$11.3 million, will be used for establishing a cloud-based sales and marketing platform as a service (PaaS) system. We intend to collaborate with industry peers to achieve win-win situations by building a comprehensive network for on-site sales and marketing comprising a wide range of tasks and marketers;

In order to achieve the aforementioned plans, we intend to recruit 35 R&D talents over the next three years who include industry experts, digitalised tool managers and assistants, testing engineers, project managers, algorithm and data analysts, product development, operation and maintenance staff; and

FUTURE PLANS AND USE OF PROCEEDS

- 6.6% of the net proceeds, or HK\$15.0 million, will be used for enhancing our IT infrastructure, which includes purchasing hardware and software copyrights or licences to expand storage and computing capabilities and strengthening our IT operation management and maintenance to ensure the reliability and security of our service offerings; and
- 3.3% of the net proceeds, or HK\$7.5 million, will be used for enhancing our Shanghai headquarters and Dalian R&D centre;
- 30.0% of the net proceeds, or HK\$68.0 million, will be used for strategic investment, acquisition and cooperation. We intend to enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan;
- 20.5% of the net proceeds, or HK\$46.5 million, will be used for enhancing our capabilities in sales and marketing and business development to further our business growth and brand awareness:
 - 17.0% of the net proceeds, or HK\$38.6 million, will be used for increasing the size of our business team to accelerate the development of our customised marketing solution and tasks and marketers matching service over the next three years. We plan to recruit 28 sales staff of various levels with appropriate proficiency in technology, over the next three years;
 - 2.0% of the net proceeds, or HK\$4.5 million, will be used for providing more professional training to our business and operations team to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty; and
 - 1.5% of the net proceeds, or HK\$3.4 million, will be used for expanding and diversifying our sales and marketing channels. We will invest in expanding our influences through word-of-mouth referrals and a range of other channels, such as customer meetings, conducting regular market researches and industry conferences and events. We also expect to engage online sales and marketing channels including strategically placing advertisements on professional and social network platforms;
- 7.5% of the net proceeds, or HK\$17.0 million, will be used for repaying our bank borrowings, which consists of:
 - a bank loan with the principal amount of approximately RMB10.0 million (equivalent to approximately HK\$11.4 million) bearing an interest rate of 4.3% per annum, which matures on 24 May 2023. Such loan was incurred for our working capital purpose; and
 - a bank loan with the principal amount of RMB5.3 million (equivalent to approximately HK\$6.0 million) bearing an interest rate of 4.3% per annum, which matures on 29 May 2023. Such loan was incurred for our working capital purpose; and
- 10.0% of the net proceeds, or HK\$22.7 million, will be used as our working capital for general purposes.

FUTURE PLANS AND USE OF PROCEEDS

The allocation of the proceeds as set out above will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the midpoint of the indicative price range.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$40.7 million, after deducting underwriting commissions, fees and other estimated expenses payable by us, assuming an Offer Price of HK\$11.2 per Offer Share (being the mid-point of the Offer Price range). We intend to apply all additional net proceeds for the same purposes as set out above on a pro rata basis.

Assuming the Over-allotment Option is not exercised,

- (i) if the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$11.8 per Offer Share, the net proceeds from the Global Offering will increase by approximately HK\$14.5 million, in which case we intend to apply the additional net proceeds as set out above on a pro rata basis; and
- (ii) if the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$10.6 per Offer Share, the net proceeds from the Global Offering will decrease by approximately HK\$14.5 million, in which case we intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only place the same in short-term deposits with licensed commercial banks or authorised financial institutions (as defined under the Securities and Futures Ordinance or applicable PRC laws and regulations) in Hong Kong or the PRC as permitted by the relevant laws and regulations.

MARKET DEMAND FOR OUR EXPANSION PLANS

Our Directors are of the view that our aforementioned expansion plan is feasible as there is sufficient demand for our products and services after expansion of our business for the following reasons:

For enhancing our core technology capabilities and fundamental R&D

1. ***Growing demand for fast-moving consumer goods retail sales and marketing services in China:*** According to Frost & Sullivan, the emergence of media resources in various marketing channels and the rise of digitalisation are likely to greatly assist brand owners or distributors to select the most effective and professional sales and marketing services providers and engage them at relatively low cost for high quality and real-time data. By 2026, the market size of China's retail sales and marketing services market in terms of revenue is forecasted to reach approximately RMB3,350.1 billion, yielding a CAGR of 9.1% between 2021 and 2026.

Due to the complex nature of fast-moving consumer goods business which involves diverse channels and enormous transaction scenario, fast-moving consumer goods brand owners and distributors normally rely on sales and marketing services providers to assist them to reach and interact with target consumers on a daily basis considering the high frequency of purchasing. With the prevalence of digitalisation transformation in recent years, the growth of fast-moving consumer goods retail sales and marketing services market in terms of revenue increased from approximately RMB1,000.5 billion in 2017 to approximately RMB1,261.5 billion in 2021, representing a CAGR of 6.0% during the period. Further propelled by the rise of domestic

FUTURE PLANS AND USE OF PROCEEDS

fast-moving consumer goods brands from various channels and consumer groups, the retail sales and marketing services market in China are expecting burgeoning growth potential in the future.

With increasing cost of implementing sales and marketing plans through online channels, the technology empowered offline sales and marketing service providers also continuously attract brand owners and distributors to enhance collaboration in the foreseeable future. In this customer-centric era, brand owners and distributors are expected to integrate online and offline to a new level. Under such circumstance, the market in terms of revenue is estimated to reach approximately RMB1,678.3 billion by 2026 with a CAGR of 5.9% between 2021 and 2026. Moreover, it urges retail sales and marketing service providers to equip themselves with digitalisation tools and platforms in order to better serve their clients.

2. ***Growing demand for SaaS products in China:*** We will use part of the net proceeds from the Global Offering to upgrade our FMES platform and digitalised tools in respect of our SaaS+ subscription. We believe that there shall be sufficient demand for our SaaS+ subscription in the future because, according to Frost & Sullivan, as accelerated by the COVID-19 pandemic, more enterprises begin to actively participate in the application of SaaS as software delivery model since they recognised the benefits of reduced cost and enhanced profitability brought about by SaaS products. From 2017 to 2021, China's SaaS market, in terms of revenue generated by SaaS service providers, increased from RMB11.6 billion to RMB44.3 billion at a CAGR of 39.8%.
3. ***Growing demand for PaaS system in China:*** As part of our expansion plan, we intend to establish a cloud-based sales and marketing platform as a service (PaaS) system. According to Frost & Sullivan, cloud service market in China has been growing rapidly and a large number of enterprises are migrating from traditional software models to cloud services. Therefore, while China's cloud infrastructure is developing vigorously, platform as a service (PaaS) system is also developing rapidly because of its diverse applicable scenarios. From 2017 to 2021, China's PaaS market, in terms of revenue generated by PaaS service providers, has grown from RMB3.5 billion to RMB19.6 billion, representing a CAGR of 53.8%. With the accelerated cloudification of scenario application and business in various industries, Frost & Sullivan expects that there will be more business needs of PaaS platform in the future, accompanied by the continuous iteration and innovation of new technologies such as AI, IoT and big data. The China's PaaS market will meet the diverse application needs of various industries faster and better. Looking forward, it is estimated that China's PaaS market will reach RMB63.2 billion in 2026, registering a CAGR of 26.4% between 2021 and 2026.
4. ***Support by PRC government policies:*** According to Frost & Sullivan, China's retail sales and marketing services market has been propelled by the PRC government policies, including the National Economic and Social Development during the "14th Five-Year Plan", which create favourable development environment for starting new businesses and new growth potentials for the market.

FUTURE PLANS AND USE OF PROCEEDS

For enhancing our capabilities in sale and marketing and business development

5. *Accumulation of Talents:* As highlighted by Frost & Sullivan, digitalised retail support services are more knowledge-intensive than traditional retail support services and talents with skills in IT, digitalised operation, digitalised marketing, and even cross-industry aspects, are relatively scarce in the market. In order for us to continuously provide reliable services, we have spent years building up our talent pools and established experienced teams to support and expand our business operations. Similarly, in order to provide reliable services, according to Frost & Sullivan, major market players have spent years building up their talent pools and established experienced teams. This competitive advantage inevitably brings competitive barriers to new entrants, which can create more development opportunities for us.

IMPLEMENTATION PLANS

Enhancing our core technology capabilities and fundamental R&D

Our business plans and commercial rationale

With respect to enhancing our core technology capabilities and fundamental R&D, our business plan primarily include (i) continuous upgrading of our FMES platform and digitalised tools; (ii) establishing a cloud-based sales and marketing platform as a service (PaaS) system; (iii) enhancing our IT infrastructure; and (iv) enhancing our Shanghai headquarters and Dalian R&D centre.

It is expected that the upgrading of FMES platform and digitalised tools and establishing a cloud-based sales and marketing PaaS system will drive our business growth and be translated into sustainable profits going forward in the following ways:

1. There will be upgrades of FMES platform and digitalised tools that add new features and functions to our services and products, which we believe will increase customers' loyalty and lead to increase in the number of our customers. We will also charge additional fee for some of the new functions;
2. Most of the upgrades of FMES platform and digitalised tools are for the purposes of increasing the internal efficiency of our daily operation, as well as enhancing users experience and encouraging brand owners and distributors to use our platform and digitalised tools. Some upgrades increase our internal efficiency by reducing the processing time. Furthermore, some upgrades will enhance the data processing capacity of our platform and digitalised tools, so that we will be able to provide data with better quality and accommodate the increase in the amount of data to be processed that will accompany our business growth;
3. Some upgrades enhance marketers' experience when using our platform, thus our marketers pool is expected to be enlarged as more marketers are satisfied with our platform and digitalised tools;

FUTURE PLANS AND USE OF PROCEEDS

4. A number of upgrades of FMES platform and digitalised tools will be applicable to our SaaS+ subscription and increase the efficiency of our services and improve users experience by offering new functions and reducing processing time. With a wide variety of functions available to our customers, we expect that the number of subscribers for our SaaS+ subscription will be increased as users can make more precise data driven decisions when implementing their marketing strategies. As a result, our overall profitability will be improved. In particular, we intend to continue driving the penetration of our SaaS+ subscription within our existing brand owners and distributors through cross-sales, which we believe will not only drive the growth of our SaaS+ subscription business in a cost-effective manner but also help strengthen our relationships with such brand owners and distributors and encourage their engagement and retention. We will further expand our customer base and serve more customers along the offline retail operation such as distributors and marketers by offering them our digitalised tools with enhanced functionalities. Through popularising our SaaS+ subscription in the offline retail operation, we will also be able to enhance our value propositions to our brand owner customers; and
5. According to Frost & Sullivan, the PaaS market in China in terms of revenue has been growing rapidly from RMB3.5 billion to RMB19.6 billion from 2017 to 2021 because of its diverse application. It is expected that there will be more business needs for PaaS platform in the future as China's PaaS market will meet the diverse application needs of various industries faster and better. In light of such market trend, the development of cloud-based platform as a service (PaaS) is imperative for maintaining competitive edge and we expect to obtain new business opportunities with our new PaaS platform. We believe the growth of cloud service market in China presents significant growth headroom for us to tap into new customers. We strive to acquire new customers to grow our customer base. We will strengthen the network effects of our platform to attract more brand owners and distributors to join our platform and promote our brand awareness and word-of-mouth referrals, which in turn enables us to acquire new customers rapidly. We will also enhance our sales and marketing efforts to attract new customers and accelerate the adoption of our platform.

To support the aforesaid upgrading of FMES platform and digitalised tools, as well as the continuous improvement of our R&D capability, we plan to:

1. enhance our Shanghai headquarters and Dalian R&D centre; and
2. enhance our IT infrastructure to strengthen the reliability and security of our service offerings.

FUTURE PLANS AND USE OF PROCEEDS

Continuous upgrading of our FMES platform and digitalised tools and establishing a cloud-based sales and marketing platform as a service (PaaS) system

In order to implement our future plans regarding (i) continuous upgrading of our FMES platform and digitalised tools; and (ii) establishing a cloud-based sales and marketing platform as a service (PaaS) system, over the next three years, we intend to initiate 18 R&D projects which can be divided into six types based on the R&D subject, namely (a) data processing; (b) operating functions; (c) algorithm; (d) framework for platform; (e) ancillary functions; and (f) PaaS, the details of which are as follows:

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
(a) Data processing:			
1. Establishment of data middle platform (數據中台建設)	To establish a data platform to centralise data collected by marketers via different digitalised tools on our FMES platform.	Business data collected by our different digitalised tools can be centrally processed. Thus, our business data can be analysed more efficiently.	<p>(a) Generating analytical reports to improve formulation of sales and marketing strategies, which is expected to increase customers' loyalty and the number of our customers may be increased;</p> <p>(b) Increasing our data processing capacity and shortening the processing time to enhance our internal efficiency;</p> <p>(c) Improving the accuracy of matching recommendation on tasks and marketers to enhance customers' experience; and</p> <p>(d) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>
2. System for managing data of FMES platform (平台主資料管理中心)	To establish a master data standardisation system to standardise the format of business data collected from our different digitalised tools, improving data quality and reducing the manpower and time required for processing data collected from different digitalised tools.	Business data collected from different digitalised tools are currently in different formats.	<p>(a) Enhancing the accuracy of our business data, thus, enabling users of our digitalised tools to make better data-driven decisions to enhance customers' experience; and</p> <p>(b) Shortening lead time for preparation before commencement of provision of services to enhance customers' experience.</p>

FUTURE PLANS AND USE OF PROCEEDS

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
<i>(b) Operating functions:</i>			
3. SaaS platform integrated operation system (SaaS平台綜合運營中心)	To develop a system for our SaaS platform to continuously provide marketers with more task recommendation on timely basis.	Currently, there are situations where marketers left our platform after finishing a marketing project, as our platform operators may not be able to recommend other tasks based on the needs of the marketers promptly.	<p>(a) Marketers can receive recommendation of other tasks promptly after finishing a marketing project, so that marketers' experience can be enhanced and our marketers pool is expected to be enlarged. Also, we can receive more commission by making more task recommendation;</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>
4. Settlement system for platform (平台財務結算中心)	To develop a system that enables users to settle bills through our online platform.	The remuneration settlement procedure will be shortened.	<p>(a) Enabling marketer users to be remunerated more quickly for their marketing services performed to enhance marketers' experience so that our marketers pool is expected to be enlarged; and</p> <p>(b) Shortening the lead time for settlement of bills to enhance our internal efficiency.</p>

FUTURE PLANS AND USE OF PROCEEDS

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
<p>5. Functions in respect of special sales offers by brand owners (公共域：品牌優惠大廳)</p>	<p>To enrich functions of our FMES platform to enable brand owners to manage and make special sales offer to distributors. On the other hand, distributors will be able to search for and redeem special sales offers.</p>	<p>These will be the new functions that we offer to our customers.</p>	<p>(a) Brand owners can better monitor and analyse the effectiveness of their marketing strategies, while distributors can be notified promptly of any special sales offers of the brand owners. Thus, customers' loyalty can be increased and the number of our customers may be increased. Customers' experience can also be enhanced; and</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>
<p>6. Enhancing solutions for distributors (公共域：渠道服務大廳)</p>	<p>To enrich functions of our FMES platform that extend our services to distributors, by sharing experience of other distributors.</p>	<p>These will be the new functions that we offer to our customers.</p>	<p>(a) Distributors will be provided with quality information in formulating their marketing strategies by learning from the successful cases of other distributors, and improve its business operation accordingly. Thus, customers' experience can be enhanced; and</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>

FUTURE PLANS AND USE OF PROCEEDS

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
7. Enhancing solutions for brand owners (運營中心：品牌業務運營中心)	To automatically generate and provide customised marketing solutions to brand owners.	These will be the new functions that we offer to our customers.	<p>(a) Brand owners are able to formulate their marketing strategies within a shorter time frame and better monitor the resources that they invest in marketing plan. Thus, customers' loyalty can be increased and number of our customers may be increased. Customers' experience can also be enhanced; and</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>
<i>(c) Algorithm:</i>			
8. Development of offline retail store recommendation algorithm (動銷場景(場員等)推薦算法研究開發)	To develop an algorithm that provides recommendation for the matching of distribution channels and merchandise, etc..	Our new algorithm will be able to optimise the matching recommendation for marketers and enhance sales performance for our customers.	<p>(a) Optimising the accuracy of our tasks and marketers matching services, thus improving the sales performance of our customers to enhance customers' experience; and</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>
9. Research on unification algorithm (歸一驗真算法研究(動態))	To develop an algorithm that unifies descriptions of each offline retail store in our systems.	Currently, there are situations where marketers cannot be matched with the suitable tasks due to inconsistency in the description of offline retail stores.	<p>(a) Improving the matching capabilities to enhance marketers' experience so that our marketers pool is expected to be enlarged; and</p> <p>(b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.</p>

FUTURE PLANS AND USE OF PROCEEDS

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
10. Research on image recognition algorithm (圖像識別演算法研究)	To develop an algorithm that automatically identifies the useful information, such as shelf occupancy, as shown in images of offline retail stores.	The time required for image recognition will be shortened.	(a) Enabling customers to be promptly updated with operating data of offline retail stores to enhance customers' experience and our internal efficiency; and (b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.
<i>(d) Framework for platform:</i>			
11. Building module of basic functions for platform (平台基礎技術能力構建 (應用架構, 系統架構))	To build a template module containing basic functions of a system, which can be applied to any new systems or updates of existing systems	Currently, we have to re-develop the basic functions whenever we build a new system or update an existing system.	Development of new system and updating of existing systems can be completed in a shorter time to promptly cater to the evolving needs of users to enhance customers' experience
12. Platform interface (平台門戶)	To develop an interface for our platform that provide introduction of all our services and products in one single interface for marketing purposes.	Currently, each of our applications has its own entrance and interface. Customers may not be aware of other products and services that we offer.	Customers may find services and products that can potentially suit their marketing needs, so that customers' loyalty can be increased and new customers may be attracted.
<i>(e) Ancillary functions:</i>			
13. Contracting system for platform (平台簽約中心)	To develop a system that enables users to enter into contract with other users through our platform.	Currently, users enter into contract offline with each other, which is more time-consuming.	(a) Users can enter into contracts with other users more efficiently so that customers' loyalty can be increased, additional fees can be charged and the number of customers may be increased; and (b) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.

FUTURE PLANS AND USE OF PROCEEDS

Project name	Purposes and functions/ technologies adopted or enhanced	How the project differentiates from the completed R&D projects	Value-add
14. Integrated mall system for platform (平台綜合商城系統)	To develop a mall system for our platform to list our SaaS products and enable SaaS+ subscription users to make online subscription for our services and pay through our platform.	The time required for handling the display of products, subscription and payment will be shortened.	Shortening the time required for customers to subscribe and pay for our products and services to enhance our internal efficiency.
15. Ready-made solutions for specific industries (行業應用體系構建)	To offer solutions that we previously provided to other brand owners and distributors as ready-made solution products for brand owners and distributors.	These are the new products that we offer to our customers.	(a) Reducing the time required for brand owners and distributors to devise their own marketing solutions and the risk of failure, so as to increase customers' loyalty and increase number of customers, as well as enhancing customers' experience; (b) we can charge fee for such new product; (c) as it is applicable to our SaaS+ subscription to enhance users' experience, the number of subscribers for our SaaS+ subscription is expected to be increased.
<i>(f) PaaS:</i>			
16. PaaS — interface for developers (開發者中心)	To build an interface platform for developers so that they can link our PaaS system to their systems.	The PaaS platform shall be our new service.	Customers can utilise our PaaS system to accommodate their diverse application needs. We expect to seize new business opportunities with our new PaaS system.
17. PaaS — provisions of Integrated solutions (實地生態解決方案中心)	To provide developers and business partners with services regarding, among others, the display, pricing, and sales of their products.	The PaaS platform shall be our new service.	Customers can utilise our PaaS system to accommodate their diverse application needs. We expect to seize new business opportunities with our new PaaS system.
18. PaaS — support (PaaS支持中心)	To provide technical and resources support to developers and business partners.	The PaaS platform shall be our new service.	Customers can utilise our PaaS system to accommodate their diverse application needs. We expect to seize new business opportunities with our new PaaS system.

Note: the Group's programming and coding may include the use of Java or Golang and involves the advanced technology of AI algorithm.

FUTURE PLANS AND USE OF PROCEEDS

In light of our plan to commence the 18 R&D projects above, we plan to recruit additional R&D talents through third-party recruitment websites, internal referral and school recruitment. These R&D talents include industry experts, digitalised tool managers and assistants, testing engineers, project managers, algorithm and data analysts, product development, operation and maintenance staff. Our Directors, based on their market insight and experiences and our track record after having considered our future plans, in particular our business plan of our continuous upgrading of our FMES platform and digitalised tools and establishing a cloud-based sales and marketing platform as a service (PaaS) system, expect that we require the said additional R&D talents over the next three years as our current workforce is not sufficient to support full implementation.

During the Track Record Period, our R&D staff were mainly responsible for (i) R&D projects (which included R&D of new digitalised tools, major functionalities of digitalised tools, technologies and algorithm supporting the digitalised tools and FMES platform, etc.); (ii) daily maintenance and optimisation of completed R&D projects that are currently in use, as well as our other IT systems and hardware; and (iii) administrative support, such as customer services and resource allocation, for the smooth-running of the R&D process. For the Track Record Period, we completed 9 R&D projects, maintained and kept optimising 19 completed R&D projects that have been in use by us as of 31 December 2022 and launched over 1,000 updates or new features.

The table below summarises the number of our existing R&D staff as at 31 December 2022 and new R&D staff that we plan to hire for each type of roles:

Roles	Number of employees	
	as at 31 December 2022	to be hired as per expansion plan
R&D projects ^(Note 1)	26	28 ^(Note 2)
Daily maintenance and optimisation of completed R&D projects that are currently in use	12	7
Administrative support ^(Note 3)	12	—
Total:	50	35

Notes:

- (1) These staff are responsible for R&D projects (including R&D of new digitalised tools, PaaS system, major functionalities of digitalised tools, technologies and algorithm supporting the digitalised tools and FMES platform, etc.).
- (2) Among the planned recruitment of additional 28 staff responsible for R&D projects, there will be (i) 17 talents responsible for product development; (ii) 8 talents responsible for R&D of algorithm, in particular AI algorithm, and constructing an algorithm platform to support our R&D process; and (iii) 3 talents responsible for business development and project management to ensure suitability of the R&D projects from business perspective and smooth implementation of R&D projects.
- (3) Examples of administrative support include customer services and resource allocation which are for the smooth running of the R&D process.

FUTURE PLANS AND USE OF PROCEEDS

To implement our plan to conduct the 18 new R&D projects, we need to gradually enlarge our R&D team by recruiting an additional of 14, 15 and 6 R&D staff for the year ending 2023, 2024 and 2025, respectively. There will be no overlapping roles and functions among these R&D positions. We estimated the number of additional R&D staff required for the abovementioned functions based on, among others, (i) our historical experience in the number of R&D projects completed and the corresponding number of R&D staff required in R&D projects and daily maintenance and optimisation of completed R&D projects that are currently in use by us; (ii) the planned number of R&D staff to be involved in our future plan over the next three years, which include continuously upgrade our FMES platform, R&D of new digitalised tools, PaaS system, algorithm, technologies and major functionalities of digitalised tools; (iii) complexity of the planned R&D projects and applicable offline retail operation; and (iv) our capacity and availability of resources.

We foresee that in addition to our existing 26 R&D staff who are responsible for R&D projects, we need to hire additional 28 staff for R&D of new digitalised tools, PaaS system, major functionalities of digitalised tools, technologies and algorithm supporting the R&D, because (i) a significant portion of our existing staff is needed for the continuous optimisation of the completed R&D projects that have been in use by us, such as FMES platform, and thus, it may not be commercially viable to re-allocate all of them to the future R&D projects; (ii) we envisage that the range of offline retail operation will increase along with the expansion of our business operations and customer base and thus, we will require additional staff to concurrently conduct R&D projects which are applicable to different offline retail operation to strength our market position; (iii) we will be required to continuously enhance the quality of our existing digitalised tools and develop new digitalised tools in order to keep up with our customers' demand and market trend and to facilitate our expansion plan; and (iv) we need to continuously optimise algorithm and enhance other technological aspects of our digitalised tools and systems so as to enhance user experience and thus, to maintain competitiveness of our digitalised tools and systems.

In addition, we will continuously require staff for daily maintenance of digitalised tools and systems. Although our FMES platform and existing digitalised tools have been launched for application and operations, we expect that our existing R&D staff who are responsible for daily maintenance of digitalised tools and systems will be needed in the on-going maintenance of our FMES platform and existing digitalised tools. Therefore, considering the new systems and digitalised tools to be developed according to our growth strategies, we expect that we need to hire additional 7 staff for daily maintenance of the new digitalised tools and systems to be launched in the next three years.

In particular, we expect that these R&D staff could facilitate and support our fast-growing tasks and marketers matching service and SaaS+ subscription. As our tasks and marketers matching service and SaaS + subscription are still at an early development stage, R&D in new digitalised tools, algorithms and data analytics is indispensable to the growth of our tasks and marketers matching service and SaaS+ subscription and strengthen our capability to offer a wider range of tasks and marketers matching service and SaaS+ subscription. We expect that our new R&D staff would facilitate us to accelerate technology and digitalised tool innovations and expand the applicability of our digitalised tools to more commercial settings in various industries. Furthermore, these new staff could help us address the evolving business needs of our customers and other industry participants along the value chain. According to Frost & Sullivan, the monthly remuneration (including base salary and bonus) of the R&D staff, details of which are set out in below table, is in line with the industry norm.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth salary levels and job requirements of R&D staff and management and support staff that we intend to recruit:

Positions	No. of employees to be hired	Roles and functions	Monthly remuneration (RMB '000)	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Industry expert	1	Business development and ensure suitability and implementation of services and digitalised tools.	65-75	Bachelor's degree or above with major in computer science, marketing or e-commerce.	<ul style="list-style-type: none"> Five years of experience in software implementation or familiar with the installation and operation of databases, conventional software and cyber security; Experience in industry process management. 	5	Expansion of talent pool in light of our expected development and growth
Digitalised tool manager	3	Product innovations and development and market user research.	45-50	Bachelor's degree or above with major in computer science, marketing or e-commerce.	<ul style="list-style-type: none"> Three years of experience in product management, having rich experience in design and planning of new mobile internet products. 	5	Expansion of talent pool in light of our expected development and growth
Digitalised tool assistant	2	Product innovations and development and market user research.	13-16	Bachelor's degree or above.	<ul style="list-style-type: none"> One year of experience in product demand analysis. 	1	Expansion of talent pool in light of our expected development and growth
Testing manager	2	Test plan designing and product testing.	30-35	Bachelor's degree or above with major in computer science, communication or other related disciplines.	<ul style="list-style-type: none"> Three years of experience in product testing experience. 	2	Expansion of talent pool in light of our expected development and growth

FUTURE PLANS AND USE OF PROCEEDS

Positions	No. of employees to be hired	Roles and functions	Monthly remuneration (RMB '000)	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Testing engineer	3	Product testing and preparing testing reports.	15–20	Bachelor's degree or above with major in computer software or other related disciplines.	One year of experience in testing, and preferably, in programming.	3	Expansion of talent pool in light of our expected development and growth
Algorithm and data scientist	1	Data analysis, building models and overseeing R&D teams in implementation.	68–72	Bachelor's degree or above in mathematics, statistics, computer related disciplines.	<ul style="list-style-type: none"> Five years of experience in algorithm and data scientist industry; With experience in model algorithm construction. 	—	Based on the goal of data-driven business, the Company needs to develop data products to support and feedback our business, therefore we established an algorithm and big data centre in 2022 to set up the position of algorithm and data scientist.
Data analyst	2	Analysing operating data and providing implementation recommendations.	28–32	Bachelor's degree or above with major in computer, statistics, mathematics, big data and other related disciplines.	One year of experience in data modelling and application.	3	Expansion of talent pool in light of our expected development and growth
Algorithm engineer	5	Data analysis and optimising algorithm.	25–29	Bachelor's degree or above with major in computer or data application related disciplines.	One year of experience in building knowledge base and data processing, analysis and modelling.	—	Based on the goal of data-driven business, the Company needs to develop data products to support and feedback our business, therefore we established an algorithm and big data centre in 2022 to set up the position of algorithm engineer.

FUTURE PLANS AND USE OF PROCEEDS

Positions	No. of employees to be hired	Monthly remuneration (RMB '000)	Roles and functions	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Project manager	2	28–35	Project management.	Bachelor's degree or above with major in computer science or related disciplines.	<ul style="list-style-type: none"> • Five years of experience in software development; or • Two years of experience in project management. 	3	Expansion of talent pool in light of our expected development and growth
Product development architect	1	45–50	Product development, which includes architecture designing, introducing advanced technology and resolving technical issues.	Bachelor's degree or above with major in software engineering and computer science.	Five years of experience in system analysis and architecture design of software projects independently with successful cases in software architecture design or experience in large-scale systems.	2	Expansion of talent pool in light of our expected development and growth
Product development manager	2	30–35	Product development, which includes project management and development of core code and key modules.	<ul style="list-style-type: none"> • Bachelor's degree or above with major in computer science. • Proficiency in one or more development languages. 	Three years of experience in open-sourced application development.	3	Expansion of talent pool in light of our expected development and growth
Product development engineer	4	13–16	Product development and unit testing.	<ul style="list-style-type: none"> • Bachelor's degree or above with major in computer science. 	One year of related experience.	9	Expansion of talent pool in light of our expected development and growth

FUTURE PLANS AND USE OF PROCEEDS

Positions	Roles and functions	No. of employees to be hired	Monthly remuneration (RMB '000)	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Maintenance manager	Operation maintenance, which includes daily maintenance and handling emergencies.	2	28–35	Diploma or above in marketing or other related disciplines.	<ul style="list-style-type: none"> • Five years of experience in operation maintenance and two years in management position; • Have public cloud platform operation and management experience or actual automation operation and maintenance experience is a plus. 	2	Expansion of talent pool in light of our expected development and growth
Maintenance engineer	Operation maintenance, which includes system monitoring, data backup, troubleshooting and etc.	5	14–20	Diploma or above in computer science.	<ul style="list-style-type: none"> • One year of experience in operation and maintenance; • Experience of platform operation and maintenance is preferred. 	—	With the increase of the size of the R&D team, the increase in the number and functions of products and the access of data products, the maintenance of all systems coordinated by one maintenance manager cannot match the needs of platform development. In order to ensure the high availability and data security of the product, a full-time maintenance and support team is required and the scale of the operation and maintenance team is required to be expanded to set up the position of maintenance engineer.

FUTURE PLANS AND USE OF PROCEEDS

Enhancing our IT infrastructure

Our plan to enhance our IT infrastructure includes purchasing hardware and software copyrights or licences to expand storage and computing capabilities and strengthening our IT operation management and maintenance to ensure the reliability and security of our service offerings. In particular,

- in second quarter of 2023, we plan to purchase software (such as operating system, algorithm authorization, data analysis tools, etc.) and hardware (such as servers, computing cards, etc.) that can support petabyte-level data volume and computing power for our algorithm laboratory. We expect these software and hardware will provide strong computing power support for our big data analysis and optimising algorithm.
- in fourth quarter of 2023, we plan to purchase virtual desktop software as to support a secure and isolated remote access platform for research and development, operation and maintenance by our IT suppliers etc. We expect that such virtual desktop software can help save travel expenses.
- in third quarter of 2024, we plan to set up a petabyte-level secure backup server in each of Shanghai, Dalian and Guangzhou so that we can have multi-copy off-site disaster recovery backup. We also plan to purchase professional-grade data backup software and a high-stability enterprise broadband dedicated line to ensure stable and real-time backup of data transmitted from digitalised tools. The backup servers will be built with RAID 1 array so that they can still recover even if some discs are damaged. We expect that we can improve our backup efficiency and save cost of data security management.
- in fourth quarter of 2025, we plan to build a unified and integrated IT monitoring platform to comprehensively monitor all software and hardware environments and system resources distributed in public and private clouds and provide real-time feedbacks. We expect the monitoring platform can help us quickly locate cause of faults and thus, we can solve any system problems in a timely manner, which in turn ensuring system reliability, reducing monitoring-related operation and maintenance costs and improving service and IT maintenance quality.

Enhancing our Shanghai headquarters and Dalian R&D centre

With respect to enhancement of our Shanghai headquarters and Dalian R&D centre, we plan to commence the enhancement in second quarter of 2023 and expect the enhancement will be completed by the third quarter of 2023 and the set up will be completed by fourth quarter of 2023. The enhanced Shanghai headquarters and Dalian R&D centre are expected to provide additional and sufficient office space to support our recruitment plan regarding 35 R&D talents over the next three years. We believe that our enlarged R&D team would facilitate us to accelerate technology and digitalised tools innovations and expand the applicability of our digitalised tools to more offline retail operation. Furthermore, these new staff could help us address the evolving business need of our customers and other industry participants along the value chain.

FUTURE PLANS AND USE OF PROCEEDS

With a view to jointly develop and enhance the retail sales and marketing services using technologies, we have entered into cooperation agreement with a reputable university in Dalian specialised in data structure and algorithm, further to which we also intend to set up a platform for communication and cooperation between our R&D talents and talents from the university. These talents may include specialists in algorithm research and image recognition technology, etc.

Cost and benefit analysis

In order to continuously upgrading of our FMES platform and digitalised tools, which is vital to our daily operations and provision of services, we plan to recruit 35 R&D talents over the next three years as our current workforce is not sufficient to support full implementation. Meanwhile, our Directors consider that engaging third-party IT service suppliers to the upgrade of our FMES platform and digitalised tools is not in the best interest of the Group. The overall security of FMES platform is our utmost consideration and thus, we have tried our best to minimise any risks to FMES platform or digitalised tools. We may face risks in relation to (i) leakage of intellectual property right, programming codes, trade secrets and know-how; and (ii) leakage or misuse of user information or other important data if we outsource the upgrading to third parties. Also, it is possible that third-party IT service suppliers may fail to satisfactorily upgrade FMES platform and digitalised tools or any material change in their organisational or operational status (such as bankruptcy, layoffs or the departure of key project personnel) could affect their ability to satisfactorily upgrade FMES platform and digitalised tools. Similarly, we consider that engaging third-party IT service suppliers to establish PaaS system is not in the best interest of the Group due to confidentiality and data sensitivity consideration.

Based on the fee quotation obtained from a human resources agency, it is expected that recruiting and employing R&D talents by ourselves can save costs from human resources outsourcing (i.e. the recruitment agency sourcing and hiring suitable talents and then assigning to us), while at the same time enabling us to better control the performance of such talents, as we in general have more control over our own employees than human resources outsourcing. Also, the provision of talents by human resources agencies may fluctuate and thus, lack continuity and may affect the R&D process and the collaboration among different R&D personnel. Therefore, our Directors believe direct and in-house employment of R&D talents can help reduce such risk of uncertainty and is beneficial to our long-term development as we can have better control of our cost and their performance.

Other than recruitment of R&D talents, we expect that our investment in the enhancement of our Shanghai headquarters and Dalian R&D centre may impact our profitability and liquidity. To our Directors' best estimation, we expect that our financial performance and our liquidity position will be adversely impacted by (i) leases of our enlarged Shanghai headquarters and Dalian R&D centre will be initially recognised as right-of-use asset (if the lease term is more than one year) and the corresponding liabilities will be initially recognised as lease liabilities. The right-of-use assets will be depreciated over the lease term and the corresponding depreciation will be recognised as expenses. Finance cost of the lease liabilities will be charged to our profit or loss over the lease period; (ii) payments made for leasehold improvement and acquisition of necessary office equipment for the initial set-up will be recognised as plant and equipment that will be depreciated in the future; and (iii) we also expect office expenses will be incurred for our headquarters and R&D centre.

FUTURE PLANS AND USE OF PROCEEDS

Pursuing strategic investment, acquisition and cooperation

Our business plans and commercial rationale

We expect our strategic investment, acquisition and cooperation could enrich our existing capabilities, enhance our core competencies and supplement our strategic business development plan. Currently, we plan to strategically acquire large companies located in first tier cities in the PRC, such as Beijing, Shanghai, Chengdu, Guangzhou and Shenzhen, which could enable us to rapidly expand our business across the country. In particular, we intend to look for traditional sales and marketing companies in the PRC. Since our current business operations cover more than 320 cities in 31 provinces/municipalities in China, location(s) where the target operates would not be restricted. When selecting and assessing potential targets, we will consider a number of selection criteria. In particular, we intend to look for and will selectively pursue potential target which:

- (i) is a traditional sales and marketing company in the PRC having a focus on FMCG industry, so that the target would have a similar business focus and experience in serving FMCG customers. As such, we expect that the target can help enhance our capability in serving a wider range of FMCG customers and expanding the applicable offline retail operations of our services. Also, their experience in serving FMCG customers shall complement and enable us to provide better services and achieve further synergies that in turn enhance our customers loyalty, we can minimise time required for organic growth and business expansion;
- (ii) has an established customer base consisting of international and local market-leading brand owners and/or distributors. If the targets and us have the same customers, but the targets provide services for such customers in different regions, then, by acquiring such targets, we shall be able to expand our service coverage of our existing customers.

Furthermore, while we believe that brand owners and distributors generally have a demand to increase the use of data-driven marketing services in a wider geographical context, such demand may not be satisfied due to the misalignment in technological levels and data base among marketing service suppliers in different regions. Our Directors believe that, upon acquisition of marketing service provider in other regions, we may then apply our business model and our technologies to the acquired target and thereby achieve synergies that in turn enable our customers to achieve data collection with higher geographical coverage covering more sales points and sales channels.

Alternatively, in cases where we acquire a target which does not have any overlapping customers with us, we expect such target would help us expand our customer base and thus, enhance our market presence and strengthen our market share;

- (iii) has an established marketer base, which could be employee marketer and/or third-party marketers, so that the target could help us expand our marketer base. With an enlarged marketer base, we expect to broaden geographical coverage of our marketer network, manage task acceptance and completion capacity more effectively, and thus, enhance our task completion rate. Also, as we intend to select a target that has a pool of marketers who are experienced in serving sizable brand owners, with diverse understanding of the requirements of different brand owners. By acquiring such target, we can promptly enhance our capability of matching the suitable marketers with market-leading brand owners, which are our major customers;

FUTURE PLANS AND USE OF PROCEEDS

- (iv) possesses competitive advantages in areas or subjects we consider valuable to our existing business operations. As such, we expect the target can help expanding our service coverage in respect of different offline retail operation and complement with our existing services and business growth and enhance our brand awareness and financial performance. In addition, we can also acquire the data accumulated by the target from its provision of previous services. We believe such operating data may cover wider variety of offline retail operation and in turn further improve our formulation of sales and marketing strategies; and
- (v) has proven track record in providing traditional sales and marketing services and we expect that it is profit making and has at least an annual revenue of RMB150 million and we would also consider other factors including the expected P/E ratio, with reference to traditional sales and marketing service providers listed on the Stock Exchange and taking into account the discount factor for the acquisition of private companies. In addition, if the target has international presence, they could further supplement our strategic business development plan relating to international presence.

From a financial perspective, upon acquisition and successful integration, depending on the size and business focus of the actual target we acquire, we expect that the acquisition will contribute to our financial performance positively given that the target to be acquired is expected to possess sound financial condition with revenue and profit at the time of our acquisitions.

From an operational perspective, given that (i) the targets shall be in the same industry that we are operating, in which we have experience; (ii) we will focus on identifying targets with established client base and profitability; and (iii) we plan to retain management of the target companies, we do not expect that there will be major disruptions in or impact on our operations upon the completion of acquisition(s).

To facilitate the identification of targets, (i) we intend to designate a team comprising our senior management members as the task force to oversee the implementation of the acquisition and investment plan; (ii) our employees, especially those who have first-hand information of and directly communicate with our business partners, will be instructed to identify potential targets in the market which may meet our selection criteria through external and internal market research; and (iii) our executive Directors may also identify potential targets with their personal connection and industry experience and will serve as the panel to review the suitability of a target company before embarking on negotiation. We expect to commence the process of identifying targets for acquisition or investment and negotiation with them in the first half of 2023 followed by a series of feasibility studies and due diligence exercises subject to the identification of suitable target. If we consider potential targets being suitable, we will further negotiate with potential sellers to agree on normal commercial terms that are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

We believe our extensive industry experience and insights will enable us to identify suitable potential opportunities and effectively evaluate and execute such opportunities. For potential investment, in the long run, we will utilise our internally generated resources to enhance the performance of the acquired companies, such as sharing our extensive industry experience, implementing our advanced operation models, reorganising their corporate governance structure to help them integrate into our operations, as well as establishing a competitive and flexible remuneration system, with the goal to form sustainable and mutually beneficial relationships with such acquired companies.

FUTURE PLANS AND USE OF PROCEEDS

Cost and benefit analysis

We intend to use 30.0% of the net proceeds, or HK\$68.0 million, for strategic investment, acquisition and cooperation. In case the amount of proceeds falls short of the amount of acquisition consideration, we consider it would be commercially viable to (i) liaise with the transaction parties and obtain control over the target by acquiring more than 50% of the equity interest, instead of the entire equity interest, in the target; and/or (ii) utilise our internal resources and/or external financing to settle any remaining part of the consideration. Our Directors are of the view that the strategic acquisition will be beneficial to our business strategy to further expand our business scale and market share based on the following analysis:

(i) Minimising the time required for organic growth

Based on our Directors' past experience, it took us six years to achieve an annual revenue of at least RMB150 million by way of organic growth, mainly comprising (i) expanding customer base within our existing geographical coverage; and (ii) expanding our geographical coverage and by way of (i) tendering application; and (ii) direct sales.

On the other hand, our Directors estimated that it generally takes around one year for us to complete an acquisition of a target, depending on the complexity, location, scale and service offerings of the target, which includes (i) conducting and performing valuation, due diligence and negotiation; (ii) execution of relevant agreements; and (iii) completing the statutory requirements and commercial terms of acquisition. Our Directors consider that strategic acquisitions and investments are more time efficient to achieve business expansion.

(ii) Minimising the uncertainties and additional costs associated with organic growth

Strategic acquisition not only can save time for expanding our customer base and service offerings, but also increase our technical and managerial talents, help to adapt our management model based on the local regulatory requirements, social culture and market environment, control the risks associated with new customers or long-distance management and save costs and efforts. In addition, our Directors consider that strategic acquisition will also allow us to diversify our customer base as we gain access to the existing clientele of the target being acquired. Inheriting existing clientele that have been properly managed by the target company prior to acquisition could minimise risks and uncertainties in respect of procuring new customers as described above and expand our revenue stream in a short period of time.

Compared with organic growth to new markets, strategic acquisitions can secure a more stable source of income and predictable investment payback with reference to the financial performance and the existing customer base of the targets. We will conduct valuation and due diligence on the target companies to make sure investment payback is within a reasonable range.

Although we had been expanding our business primarily through organic growth since inception, for increasing our market share in the PRC, our Directors consider that a combination of both organic and inorganic growth is ideal for a company, as expansion through strategic acquisition will enable us to gain access to new markets faster, expand our market share in existing markets in a more efficient and secured manner, and therefore diversifies the revenue base without relying solely on current operation to grow.

FUTURE PLANS AND USE OF PROCEEDS

Availability of targets

Based on the expert interviews conducted by Frost & Sullivan, for our selection criteria and the availability of such targets, as of 2021, there were over 300 sales and marketing companies in China that had revenue of at least RMB150 million.

Enhancing our capabilities in sales and marketing

Our business plans and commercial rationale

In order to enhance our capabilities in sales and marketing, we plan to (i) increase the size of our business team to accelerate the development of our customised marketing solution and tasks and marketers matching service by recruiting 28 sales talents with appropriate proficiency in technology over the next three years; (ii) expand and diversify our sales and marketing channels; and (iii) provide more professional training to our business team.

Increase the size of our business team to accelerate the development of our customised marketing solution and tasks and marketers matching service

We intend to increase the size of our business team to accelerate the development of our customised marketing solution and tasks and marketers matching service. Such business team is expected to be responsible for expanding project portfolio, customer base and marketing channels, formulate sales strategies and corresponding measures to ensure achievement of the strategies, and continuously improve our service quality to enhance long-term relationship with customers. We believe that by continuously cultivating excellent sales talents, we can achieve sustainable growth. In particular, we plan to hire 28 sales talents with appropriate proficiency in technology over the next three years through third-party recruitment websites, internal referral and school recruitment. Generally, these talents should have a background in areas including the operation and management of customised marketing solution and tasks and marketers matching service, marketing strategy and/or risk control modelling. According to Frost & Sullivan, the annual remuneration (which includes base salary and bonus) of the sales talents, details of which are set out in below table, is in line with the industry norm.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth salary levels and job requirements of sales talents that we intend to recruit:

Positions	Roles and functions	No. of employees to be hired	Annual Remuneration (Note) (RMB '000)	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Vice President of Sales	<ul style="list-style-type: none"> Set up sales strategy goals Understand customers' needs and solve problems in a timely manner With ability to build a sales management team 	1	1,744	<ul style="list-style-type: none"> Bachelor's degree or above Deeply cultivate the SaaS+ service industry and familiar with related products Have practical experience in developing market nationwide 	Five years of experience in middle and senior sales business management experience	—	Due to the significant increase in marketers, it is necessary to have vice president level personnel to coordinate department personnel management to cope with customised marketing solution, tasks and marketers matching service and SaaS+ subscription development
Director of Sales	<ul style="list-style-type: none"> Develop a variety of sales methods to achieve sales goals Reasonably delegate sales targets according to sales goals Can develop new customers and new markets 	8	920	<ul style="list-style-type: none"> Bachelor's degree or above Have keen market insight and strong market development and sales ability Has experience and deep insights in corporate services and FMCG industry 	Five years of sales experience, which include more than three years of sales experience in SaaS related industries and more than three years of experience in sales team management	11	In order to serve more top brand owner customers, a large number of high-level sales personnel are required to contact and meet customer needs

FUTURE PLANS AND USE OF PROCEEDS

Positions	Roles and functions	No. of employees to be hired	Annual Remuneration (Note) (RMB '000)	Qualifications	Experience	No. of our Group's employee in this position as at 31 December 2022	Reasons for recruiting additional talents for this position
Sales Manager	<ul style="list-style-type: none"> Responsible for construction of regional market distribution channel Support current business partners to improve their sales capabilities Be aware of the market situation of SaaS+ service-related products 	9	332	<ul style="list-style-type: none"> Bachelor's degree or above and with certain industry resources Familiar with mainstream SaaS+ service products and sales models Experience in SaaS+ service or cloud product sales is preferred 	Three years of sales experience	45	Expansion of talent pool in light of our expected development and growth
Sales Executive	<ul style="list-style-type: none"> Implement marketing plans Assist the sales manager to complete the monthly sales plan Continuously improve the customer transaction rate 	10	204	<ul style="list-style-type: none"> Diploma or above and excellent fresh graduates are also acceptable Has certain understanding of SaaS+ service products and sales models With strong business negotiation skills and new customer development ability 	N/A	43	Expansion of talent pool in light of our expected development and growth

Note: Annual remuneration includes base salary and sales bonus.

FUTURE PLANS AND USE OF PROCEEDS

Provide more professional training to our business and operations team

We plan to provide various trainings to our employee marketers, being part of our business and operations team, to strengthen their capabilities to serve our customers, thereby enhancing customer loyalty. These employee marketers are our valuable assets because they directly interact with consumers and their performance have direct effect on our revenue. As such, enhancing their personal development and skill sets is important to improving our service quality.

Expanding and diversifying our sales and marketing channels

We will invest in expanding our influences through word-of-mouth referrals and a range of other channels, such as customer meetings, conducting regular market researches and industry conferences and events. We also expect to engage online sales and marketing channels including strategically placing advertisements on professional and social network platforms. Following our participation of an industry event organised by a leading AI company based in the PRC in October 2021 and publication of 2022 China Offline Digital Marketing White Paper (《2022年中國線下動銷數字化白皮書》) together with Frost & Sullivan and LeadLeo, we plan to publish the second White Paper in 2023. Meanwhile, we plan to actively participate in customer conferences and industry events to promote our brand awareness and diversify our customer base.

Cost and benefit analysis

With a view to accelerating the development of our customised marketing solution and tasks and marketers matching service, we intend to increase the size of our business team by recruiting an additional 28 sales talents with appropriate proficiency in technology.

Based on the fee quotation obtained from a human resources agency, it is expected that recruiting and employing sales talents by ourselves can save costs from human resources outsourcing (i.e. the recruitment agency sourcing and hiring suitable talents and then assigning to us), while at the same time enabling us to better control of the performance of such talents, as we in general have more control over our own employees than human resources outsourcing. Also, the provision of talents by human resources agencies may fluctuate and thus, lack continuity and may affect our relationship with customers and implementation of long-term sales strategies. Therefore, our Directors believe direct employment of sales talents can help reduce such risk of uncertainty and is beneficial to our long-term development as we can have better control of our cost and their performance.

FUTURE PLANS AND USE OF PROCEEDS

Expected implementation timetable

The table below sets forth the expected implementation timetable of our planned use our proceeds:

	2023	Year ending 31 December			Total
		2024	2025	2026	
		<i>(HK\$ in millions)</i>			
Enhancing our core technology capabilities and fundamental R&D	12.3	23.7	27.4	9.1	72.5
Pursuing strategic investment, acquisition and cooperation	34.0	34.0	—	—	68.0
Enhancing our capabilities in sales and marketing	6.7	13.8	15.6	10.4	46.5
Repaying our bank borrowings	17.0	—	—	—	17.0
Working capital	22.7	—	—	—	22.7
Total	92.7	71.5	43.0	19.5	226.7

Investors should note that the implementation plans above are drawn up based on the current economic status and subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in “Risk factors”. Our actual course of business may vary from the business objectives set out in this document. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

UNDERWRITING

HONG KONG UNDERWRITERS

Jefferies Hong Kong Limited
Guotai Junan Securities (Hong Kong) Limited
CCB International Capital Limited
CMB International Capital Limited
ABCI Securities Company Limited
SPDB International Capital Limited
SBI China Capital Financial Services Limited
Livermore Holdings Limited
Conrad Investment Services 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 International Offering is expected 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 our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 2,500,000 Hong Kong Offer Shares and the International Offering of initially 22,500,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on Wednesday, 26 April 2023. Pursuant to the Hong Kong Underwriting Agreement, our 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 Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) 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.

UNDERWRITING

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (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, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases or its escalation, 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, strikes, labor disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of 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, the BVI, Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to the operations of 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, the interbank markets and credit markets) or currency exchange rate or controls in or affecting any of the Relevant Jurisdictions;
 - (iii) the imposition of declaration of 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 Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, Singapore Stock Exchange or Tokyo Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in 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 PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant competent authorities) 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;

UNDERWRITING

- (v) any new law or regulation or any change or development involving a prospective change or any event or circumstance likely to result in a change or a 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 existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions in respect of any jurisdiction relevant to the business operations of any member of the Group;
- (vii) any change or development involving a prospective change or amendment in or affecting taxation 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 Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to this Prospectus, **GREEN** Application Form, the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement), the Final Offering Circular (as defined in the Hong Kong Underwriting Agreement) 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 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) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or members of senior management as disclosed in this Prospectus;
- (xi) any executive Director or member of senior management of the Company as disclosed 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 there is the commencement by any authority, governmental, political or regulatory body of any investigation or other action against any executive Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any authority, governmental, political or regulatory body that it intends to commence any such investigation or take any such action;

UNDERWRITING

- (xii) the chief executive officer, financial controller, any Director or members of senior management as disclosed in this Prospectus of the Company is vacating his/her office;
- (xiii) any litigation, dispute, legal action or claim of any third party or regulatory, administrative investigation or action being threatened, instigated or announced against any member of the Group, the executive Directors and/or any of the Controlling Shareholders;
- (xiv) any contravention by the Company, any member of the Group or any Directors of any applicable laws and regulations including the Listing Rules;
- (xv) any non-compliance of this prospectus (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;
- (xvi) any change or development involving a prospective change in, or a materialization of any of the risks set out in the section headed “Risk Factors” of this Prospectus;

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholder’s equity, profit, losses, earnings, results of operations, performance, position or condition, financial, operational or otherwise, of the Group as a whole; (2) has or will have or may 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 may 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 this Prospectus; or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) 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

- (b) there has come to the notice of the Overall Coordinators that:
 - (i) any statement contained in the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the Operative Documents (as defined in the Hong Kong Underwriting Agreement), the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement), 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 (the “**Offer-Related Documents**”)), was, when it was issued, or has become, untrue, incorrect, inaccurate or 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 is not fair and honest and based on reasonable grounds or reasonable assumptions;

UNDERWRITING

- (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 of a material fact from, or misstatement in, any of the Offer-Related Documents (as defined in the Hong Kong Underwriting Agreement);
- (iii) there is a breach of any of the obligations imposed upon the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
- (iv) there is an event, act or omission which gives or is likely to give rise to any liability of the Company and/or the Controlling Shareholders pursuant to the terms of the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (v) there is any change or any development or likely to be any prospective change or development that has or will or may have a material adverse effect;
- (vi) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
- (vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued or sold pursuant to the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, 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 expert (other than the Joint Sponsors) has withdrawn or is subject to withdrawing 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 this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (x) that a material portion of the orders placed or confirmed in the book-building process, have been withdrawn, terminated or cancelled;
- (xi) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xii) any non-compliance of this Prospectus (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.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) shall be issued or form the subject of any agreement to such an issue within six (6) months from the Listing Date (whether or not such issue of shares or securities will be completed within six (6) months from the Listing Date), except for: (1) the Global Offering and the Over-Allotment Options, or (2) any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, the Controlling Shareholders have undertaken to the Company and the Stock Exchange respectively that, except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, they shall not, and shall procure that the relevant registered shareholder(s) shall 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 their shareholding in our Company is made in this Prospectus and ending on the date which is six months from the Listing Date (the “**First Six-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Company in respect of which they are shown by this Prospectus to be the beneficial owners; or
- (b) during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), 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 (a) above if, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interest or encumbrances, that person or group of persons would cease to be controlling shareholder(s) of the Company.

In addition, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have also undertaken to the Company and the Stock Exchange respectively that, during the First Six-month Period and the Second Six-month Period, they will:

- (a) when they pledge or charge any securities of the Company beneficially owned by them in favour of an authorised institution (as defined in the Banking Ordinance, Cap. 155 of the Laws of Hong Kong pursuant to Note (2) to Rule 10.07(2) of the Listing Rules) for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when they receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (a) and (b) above (if any) by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, 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), except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) and unless permitted by and in compliance with the requirements of the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (i) offer, allot, issue, sell, accept subscription for, contract or agree to allot, issue or sell, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, 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); or
- (ii) 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 (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); 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 announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of the Shares by the Company pursuant to the Global Offering. For the avoidance of doubt, (i) above shall not apply to any issue of debt securities by the Company which are not convertible into equity securities of the Company or of any other member of the Group.

UNDERWRITING

In the event that, during the period of six months immediately following the First Six-Month Period (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company shall 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.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders jointly and severally agrees and undertakes to the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries 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 permitted by and in compliance with the requirements of the Listing Rules:

- (a) during the First Six-Month Period, it/he will not, and will procure that the relevant registered holder(s) will not:
 - (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance 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) beneficially owned by it/him 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 paragraph (i) or (ii) above; or
 - (iv) offer to or contract to or agree to or publicly disclose that it/he will or may enter into any transaction described in paragraph (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraph (i), (ii) or (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) at any time from the date of this Agreement up to and including the date falling 12 months after the Listing Date, it/he will:
 - (i) if and when it/he or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by it/him, immediately inform the Company 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

UNDERWRITING

- (ii) if and when it/he 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 and the Overall Coordinators in writing of such indications.

The Company has undertaken to the Joint Global Coordinators, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters that upon receiving such information in writing from any of the Controlling Shareholders, 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.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at 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 our 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 our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the 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, our Company and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, 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”.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 3,750,000 Shares, representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See “Structure of the Global Offering — Over-allotment Option”.

UNDERWRITING

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the “**Fixed Fees**”), out of which they will pay any sub-underwriting commissions and other fees (if any).

The Underwriters may receive a discretionary incentive fee of up to 1% of the aggregate Offer Price of all the Offer Shares to be issued by our Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the “**Discretionary Fees**”).

Assuming the Discretionary Fees are paid in full, the aggregate amount of fees payable by us to all syndicate members will be 4% of the gross proceeds from the Global Offering, and the ratio of Fixed Fees and Discretionary Fees payable is therefore 75:25.

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.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$11.2 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$6.6 million.

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\$57.8 million (assuming an Offer Price of HK\$11.2 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by our Company.

Indemnity

Our Company and the Controlling Shareholders have agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries 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 any of the Company and the Controlling Shareholders 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 stabilising process.

UNDERWRITING

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 assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's 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 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.

All such activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering". 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:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) 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 stabilising 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
- (b) 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.

UNDERWRITING

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 our Company and each of its 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 Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Jefferies Hong Kong Limited and Guotai Junan Securities (Hong Kong) Limited are the Overall Coordinators 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 our 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.

25,000,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 2,500,000 Shares (subject to reallocation) in Hong Kong as described in “— The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 22,500,000 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirement of the U.S. Securities Act and (ii) 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 20.0% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.3% 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

Our Company is initially offering 2,500,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 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 2.0% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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.

STRUCTURE OF THE GLOBAL OFFERING

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 (to the nearest board lot) into two pools: pool A and pool B (with any odd lot 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, the 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, the 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 1,250,000 Hong Kong Offer Shares (being 50% of the 2,500,000 Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Overall Coordinators, subject to the following:

- (a) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators, at their sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering;

STRUCTURE OF THE GLOBAL OFFERING

- (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 2,500,000 Offer Shares may 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 increase up to 5,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering;
 - (iii) 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 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 7,500,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
 - (iv) 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 Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 10,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
 - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 12,500,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.
- (b) In the event that the International Offer Shares are undersubscribed under the International Offering:
- (i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 2,500,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Hong Kong Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 5,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

In the case where (xx) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (yy) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times under paragraph (b)(ii) above, the final Offer Price shall be fixed at HK\$10.6 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) or the downward adjusted final Offer Price if a downward Offer Price adjustment is made in accordance with Guidance Letter HKEX-GL90-18 issued by the Stock Exchange.

In addition, the Overall Coordinators may 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 the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 5,000,000 Offer Shares).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he 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 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 of HK\$11.8 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$2,383.79 for one board lot of 200 Shares. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum Offer Price of HK\$11.8 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the 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 initial offering of 22,500,000 new Shares offered by our Company, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). 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 18.0% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as 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 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 our 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 pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 3,750,000 additional Offer Shares, representing in aggregate 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.9% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STRUCTURE OF THE GLOBAL OFFERING

STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager (or any person acting for it) reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Saturday, 3 June 2023, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- (f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using the Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may choose to borrow up to 3,750,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Guangjun Sun Holdings, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager (or any person acting for it) and Guangjun Sun Holdings on or about the Price Determination Date.

The same number of the Shares so borrowed must be returned to Guangjun Sun Holdings or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Guangjun Sun Holdings by the Stabilising Manager (or any person acting for it) in relation to such Shares borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 4 May 2023 and, in any event, no later than Friday, 5 May 2023, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters), and our 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\$11.8 per Offer Share and is expected to be not less than HK\$10.6 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 of HK\$11.8 per Offer Share 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\$2,383.79 for one board lot of 200 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 minimum Offer Price stated in this prospectus.**

STRUCTURE OF THE GLOBAL OFFERING

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.

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 our Company, reduce the number of Offer Shares offered and/or the Offer Price range below 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, our Company 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 our Company and the Stock Exchange at www.plscn.com and www.hkexnews.hk, respectively, notices of the reduction. We will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering is opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who have applied for the Hong Kong Public Offer Shares the right to withdraw their applications under the Hong Kong Public Offering, unless positive confirmations from the applicants to proceed are received. Such notices and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set forth in the section headed “Summary” in this prospectus and other financial information which may change as a result of such reduction. Upon issue of such notices and the supplemental prospectus, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive and the offer price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

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 Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in the section headed “Summary” in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, 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 — D. Publication of Results”.

STRUCTURE OF THE GLOBAL OFFERING

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 our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) 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.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Friday, 5 May 2023, 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.

STRUCTURE OF THE GLOBAL OFFERING

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 our Company on the websites of our Company and the Stock Exchange at www.plscn.com and 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 — F. Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Thursday, 11 May 2023, 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. in Hong Kong on Thursday, 11 May 2023, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 11 May 2023.

The Shares will be traded in board lots of 200 Shares each and the stock code of the Shares will be 2486.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under the “*HKEXnews*> *New Listings*> *New Listing Information*” section, and our website at www.plscn.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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 above.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Sponsors, the Overall Coordinators, the **HK eIPO White Form** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older; 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.

If you are a firm, the application must be in the individual members' names.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above persons;
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Items Required for the Application

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, you must:

- have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant);
- have a Hong Kong address; and
- provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, you:

- (a) undertake to execute all relevant documents and instruct and authorise our Company and/or the Overall Coordinators (or their agents or nominees), as agents of our Company, 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;
- (b) agree to comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;
- (f) agree that none of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the “**Relevant Persons**”) and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have 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 nor participated in the International Offering;
- (h) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving banks, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries and/or their respective advisers and agents and the Relevant Persons any personal data which we or any of them may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective officers or advisers nor the Relevant Persons will breach any laws 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 in this prospectus;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares 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;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (o) authorise (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Memorandum and Articles of Association of our Company and (ii) our Company and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “— Personal Collection” below to collect the Share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (p) 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;
- (q) understand that our Company, the Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (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 **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) 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 or to the **HK eIPO White Form** Service Provider and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant 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 (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. Minimum Application Amount and Permitted Numbers

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
200	2,383.79	4,000	47,676.01	60,000	715,140.18	800,000	9,535,202.40
400	4,767.61	5,000	59,595.01	70,000	834,330.21	900,000	10,727,102.70
600	7,151.40	6,000	71,514.02	80,000	953,520.25	1,000,000	11,919,003.00
800	9,535.19	7,000	83,433.02	90,000	1,072,710.26	1,100,000	13,110,903.30
1,000	11,919.01	8,000	95,352.02	100,000	1,191,900.30	1,250,000 ⁽¹⁾	14,898,753.76
1,200	14,302.80	9,000	107,271.03	200,000	2,383,800.60		
1,400	16,686.60	10,000	119,190.04	300,000	3,575,700.90		
1,600	19,070.41	20,000	238,380.05	400,000	4,767,601.20		
1,800	21,454.20	30,000	357,570.09	500,000	5,959,501.50		
2,000	23,838.01	40,000	476,760.12	600,000	7,151,401.80		
3,000	35,757.01	50,000	595,950.16	700,000	8,343,302.10		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

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

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Applying Through the HK eIPO White Form Service

General

Applicants who meet the criteria in “— Who Can Apply” above may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names in the **IPO App** or on the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are set out in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or on the designated website at www.hkeipo.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Friday, 28 April 2023 until 11:30 a.m. on Thursday, 4 May 2023 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 May 2023, the last day for applications, or such later time as described in “— C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

6. Applying Through the CCASS EIPO Service

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Overall Coordinators and the Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Applying through the CCASS EIPO Service

Where you have applied through the **CCASS EIPO** service, (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and
- (b) HKSCC Nominees will do the following things on your behalf:
- agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have 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 nor participated in the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;
 - confirm that you understand that our Company, the Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
 - authorise our Company to place HKSCC Nominees' name on the register of members of our Company as the holder of the Hong Kong Offer Shares allocated to you, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;
 - agree that neither our Company nor any of the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

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- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which we or they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us, and to become binding when you give the instructions and such collateral contract to be in consideration of our agreeing that we will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by us;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for ourselves and for the benefit of each shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Applying through the CCASS EIPO Service

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to us or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions¹

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 28 April 2023	—	9:00 a.m. to 8:30 p.m.
Tuesday, 2 May 2023	—	8:00 a.m. to 8:30 p.m.
Wednesday, 3 May 2023	—	8:00 a.m. to 8:30 p.m.
Thursday, 4 May 2023	—	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 28 April 2023 until 12:00 noon on Thursday, 4 May 2023 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 4 May 2023, the last day for applications, or such later time as described in “— C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Note:

¹ These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective advisers and agents and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practises of us and our Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to our Company or our agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the 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 may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or our Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- 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 our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's Register of Members;
- verifying identities of the holders of our Company's Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- establishing benefit entitlements of holders of our Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of our Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge our or their obligations to holders of our Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by our Company and our Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our Company and our 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:

- our appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our 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; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

Our Company and our Hong Kong Share Registrar will keep the personal data of the applicants and holders of the 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether our 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. Our 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 our Company, at our registered address disclosed in the section headed “Corporate Information” in this prospectus or as notified from time to time, for the attention of the secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective advisers and agents, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 4 May 2023, the last day for applications, or such later time as described in “— C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee and apply through the **HK eIPO White Form** service, in the box marked “For Nominees”, you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf. If you are suspected of submitting more than one application for your benefit through the **CCASS EIPO** service and/or the **HK eIPO White Form** service, all of your applications are liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** 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. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

With regard to the announcement of results of allocations under the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS”, the list of identification document number(s) may not be a complete list of successful applicants, only successful applicants whose identification document numbers are provided to HKSCC by CCASS Participants are disclosed. Applicants who applied for the Offer Shares through their brokers can consult their brokers to enquire about their application results.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed are redacted. Applicants with beneficial names only but not identification document numbers are not disclosed due to personal privacy issue.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the 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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$11.8 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK\$2,383.79.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 200 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section “— 4. Minimum Application Amount and Permitted Numbers”, or as otherwise specified in the **IPO App** or on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy and the AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the AFRC respectively).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing and Allocation.”

C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close 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 Thursday, 4 May 2023. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 4 May 2023 or if there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made on our website at www.plscn.com and the website of Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

D. PUBLICATION OF RESULTS

Our Company expect to announce 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 allocations of the Hong Kong Offer Shares on Wednesday, 10 May 2023 on the website of our Company at www.plscn.com and the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants (where applicable) under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on our website and the website of Stock Exchange at www.plscn.com and www.hkexnews.hk, respectively, by no later than Wednesday, 10 May 2023;
- from “IPO Results” function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result (alternatively: www.hkeipo.hk/IPOResult) with a “search by ID” function on a 24 hour basis from 8:00 a.m. on Wednesday, 10 May 2023 to 12:00 midnight on Tuesday, 16 May 2023; and
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 10 May 2023 to Monday, 15 May 2023 (excluding Saturday, Sunday and public holidays in Hong Kong).

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or
- if any supplement to this prospectus is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

If our Company or our agents exercise discretion to reject your application:

Our Company, the Joint Sponsors, the Overall Coordinators, the **HK eIPO White Form** Service Provider and our and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of 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 Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- your payment is not made correctly;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at **www.hkeipo.hk**;
- you apply for more than 1,250,000 Hong Kong Offer Shares, being 50% of the 2,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- our Company, the Joint Sponsors, or the Overall Coordinators believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or
- the Underwriting Agreements do not become unconditional or are terminated.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in “Structure of the Global Offering — Conditions of the Global Offering” are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Wednesday, 10 May 2023.

G. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-AUTO REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Wednesday, 10 May 2023. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 11 May 2023, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Collection

i. If you apply through the HK eIPO White Form service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 10 May 2023, or any other place or date notified by our Company in the newspapers.
- If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.
- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 10 May 2023 by ordinary post and at your own risk.
- If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund cheque(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post and at your own risk.

ii. If you apply through the CCASS EIPO service:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 10 May 2023 or on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in “— D. Publication of Results” above on Wednesday, 10 May 2023. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 10 May 2023 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 10 May 2023. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 10 May 2023.

HOW TO APPLY FOR HONG KONG OFFER SHARES

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our 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 CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PLUS GROUP HOLDINGS INC., JEFFERIES HONG KONG LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Plus Group Holdings Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-66, which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, the statements of financial position of the Company as at 31 December 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 April 2023 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, 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 accountant's 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 accountant's 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 accountant considers 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 preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021 and 2022 and the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES") 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-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by Plus Group Holdings Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong

28 April 2023

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the years ended 31 December 2020, 2021 and 2022, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers 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 COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2020 RMB'000	2021 RMB'000	2022 RMB'000
Revenue	5	413,571	416,289	618,110
Cost of services	7	<u>(249,605)</u>	<u>(246,040)</u>	<u>(444,543)</u>
Gross profit		163,966	170,249	173,567
Administrative expenses	7	(64,312)	(75,886)	(77,874)
Selling and marketing expenses	7	(18,704)	(20,769)	(19,308)
Research and development expenses	7	(11,743)	(12,161)	(25,019)
Other income	6	8,393	24,688	27,894
Other gains — net	6	240	464	1,002
Reversal of impairment losses/ (impairment losses) on financial assets	3.1(b)(iv)	<u>257</u>	<u>(463)</u>	<u>(553)</u>
Operating profit		78,097	86,122	79,709
Finance income	10	61	136	162
Finance costs	10	<u>(4,554)</u>	<u>(4,916)</u>	<u>(3,073)</u>
Finance costs — net		<u>(4,493)</u>	<u>(4,780)</u>	<u>(2,911)</u>
Share of (losses)/profit of associates — net	17	<u>(169)</u>	<u>111</u>	<u>(200)</u>
Profit before income tax		73,435	81,453	76,598
Income tax expenses	11	<u>(19,538)</u>	<u>(22,443)</u>	<u>(23,896)</u>
Profit for the year		<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Attributable to:				
Owners of the Company		53,874	58,664	52,702
Non-controlling interests		<u>23</u>	<u>346</u>	<u>—</u>
		<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		53,874	58,664	52,702
Non-controlling interests		<u>23</u>	<u>346</u>	<u>—</u>
		<u>53,897</u>	<u>59,010</u>	<u>52,702</u>
Earnings per share attributable to the owners of the Company				
Basic and diluted (expressed in RMB per share)	12	<u>0.54</u>	<u>0.59</u>	<u>0.53</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>
ASSETS				
Non-current assets				
Plant and equipment	14	865	1,064	984
Right-of-use assets	16	8,159	5,612	2,509
Intangible assets	15	2,689	991	—
Investments in associates	17	4,564	4,675	4,475
Deferred income tax assets	18	<u>2,727</u>	<u>2,096</u>	<u>676</u>
		<u>19,004</u>	<u>14,438</u>	<u>8,644</u>
Current assets				
Contract assets	21	215,734	183,256	190,624
Trade receivables	20	323,352	393,041	344,902
Contract costs	5	2,392	712	480
Deposits, other receivables and prepayments	20	15,587	14,946	19,772
Financial assets at fair value through profit or loss	22	9,180	4,000	—
Cash and cash equivalents	23	<u>9,110</u>	<u>20,317</u>	<u>62,704</u>
		<u>575,355</u>	<u>616,272</u>	<u>618,482</u>
Total assets		<u><u>594,359</u></u>	<u><u>630,710</u></u>	<u><u>627,126</u></u>
EQUITY				
Share capital	24	—	130	130
Other reserves	24	178,249	181,600	151,994
Retained earnings		<u>87,665</u>	<u>143,301</u>	<u>194,370</u>
Equity attributable to owners of the Company		265,914	325,031	346,494
Non-controlling interests		<u>1,523</u>	<u>—</u>	<u>—</u>
Total equity		<u><u>267,437</u></u>	<u><u>325,031</u></u>	<u><u>346,494</u></u>

	<i>Notes</i>	As at 31 December		
		2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>
LIABILITIES				
Non-current liability				
Lease liabilities	16	<u>3,570</u>	<u>2,133</u>	<u>55</u>
Current liabilities				
Lease liabilities	16	5,056	3,778	2,319
Borrowings	26	31,000	54,800	61,273
Trade and other payables	25	261,279	234,196	203,032
Contract liabilities	21	3,624	3,297	6,858
Income tax payables		22,376	7,475	5,648
Amounts due to related parties	28	<u>17</u>	<u>—</u>	<u>1,447</u>
		<u>323,352</u>	<u>303,546</u>	<u>280,577</u>
Total liabilities		<u>326,922</u>	<u>305,679</u>	<u>280,632</u>
Total equity and liabilities		<u>594,359</u>	<u>630,710</u>	<u>627,126</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December	
		2021	2022
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current asset			
Investment in a subsidiary	(a)	<u>—</u>	<u>298,782</u>
Current asset			
Other receivables and prepayments	20	<u>1,789</u>	<u>5,407</u>
Total assets		<u><u>1,789</u></u>	<u><u>304,189</u></u>
EQUITY			
Share capital	24	130	130
Other reserves	24	—	298,782
Accumulated losses	24	<u>(5,121)</u>	<u>(22,306)</u>
Total equity		<u><u>(4,991)</u></u>	<u><u>276,606</u></u>
LIABILITIES			
Current liabilities			
Amount due to a subsidiary	(b)	4,348	23,668
Other payables	25	<u>2,432</u>	<u>3,915</u>
Total liabilities		<u><u>6,780</u></u>	<u><u>27,583</u></u>
Total equity and liabilities		<u><u>1,789</u></u>	<u><u>304,189</u></u>

(a) Investment in a subsidiary represents the investment in Channel Power Plus Inc. and its subsidiaries at the aggregate net asset values of the Listing Business at date of completion of the Reorganisation (Note 1.2(h)).

(b) As at 31 December 2021 and 2022, amount due to a subsidiary is unsecured, interest-free and repayable on demand.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Retained earnings	Sub-total		
		(Note 24(a)) RMB'000	(Note 24(b)) RMB'000	RMB'000	RMB'000		
Balance as at 1 January 2020		—	159,278	217,762	377,040	—	377,040
Capital injection to a new subsidiary		—	—	—	—	1,500	1,500
Profit and total comprehensive income for the year		—	—	53,874	53,874	23	53,897
Dividend distribution	13	—	—	(165,000)	(165,000)	—	(165,000)
Transfer to statutory reserves	24(b)	—	18,971	(18,971)	—	—	—
Balance as at 31 December 2020		—	178,249	87,665	265,914	1,523	267,437
Balance as at 1 January 2021		—	178,249	87,665	265,914	1,523	267,437
Profit and total comprehensive income for the year		—	—	58,664	58,664	346	59,010
Shareholding acquisition from non-controlling interests for a subsidiary	(a)	—	323	—	323	(1,869)	(1,546)
Incorporation of the Company and issue of shares	1.2(a)	130	—	—	130	—	130
Transfer to statutory reserves	24(b)	—	3,028	(3,028)	—	—	—
Balance as at 31 December 2021		130	181,600	143,301	325,031	—	325,031
Balance as at 1 January 2022		130	181,600	143,301	325,031	—	325,031
Capital injection from a new shareholder	1.2(e)	—	3,510	—	3,510	—	3,510
Profit and total comprehensive income for the year		—	—	52,702	52,702	—	52,702
Transfer to statutory reserves	24(b)	—	1,633	(1,633)	—	—	—
Deemed distribution	1.2(g)	—*	(34,749)	—	(34,749)	—	(34,749)
Balance as at 31 December 2022		130	151,994	194,370	346,494	—	346,494

* Less than RMB1,000.

- (a) During the year ended 31 December 2021, the Group entered into an equity transfer agreement with a non-controlling shareholder of Shanghai Chengzhi Information Technology Co., Ltd. (“**Shanghai Chengzhi**”), one of the subsidiaries of the Company, pursuant to which the non-controlling shareholder agreed to transfer 30% equity interests of Shanghai Chengzhi to the Group at a consideration of RMB1,546,000. Upon the equity transfer, Shanghai Chengzhi became a wholly-owned subsidiary of the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2020	2021	2022
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities				
Net cash generated from operations	27(a)	59,316	56,823	95,906
Income tax paid		<u>(13,513)</u>	<u>(36,713)</u>	<u>(24,303)</u>
Net cash generated from operating activities		<u>45,803</u>	<u>20,110</u>	<u>71,603</u>
Cash flows from investing activities				
Interest received		6,747	136	162
Purchase of plant and equipment	14	(188)	(620)	(392)
Purchase of intangible assets		(879)	(396)	—
Proceeds from disposal of plant and equipment		—	9	4
Subscription of financial assets at fair value through profit or loss	22	(434,500)	(576,140)	(683,800)
Redemption of financial assets at fair value through profit or loss	22	425,636	581,805	688,553
Advance to related parties of the Company		(28,725)	—	—
Repayment from related parties of the Company		<u>115,885</u>	<u>—</u>	<u>—</u>
Net cash generated from investing activities		<u>83,976</u>	<u>4,794</u>	<u>4,527</u>

	<i>Notes</i>	Year ended 31 December		
		2020	2021	2022
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities				
Interest paid		(1,160)	(2,401)	(2,093)
Capital injection from a non-controlling interest to a new subsidiary		1,500	—	—
Payment of listing expenses		—	(1,664)	(3,340)
Repayment of lease liabilities (including interest expense)		(5,537)	(5,842)	(4,991)
Proceeds from bank borrowings		54,000	74,600	61,273
Repayment of bank borrowings		(49,866)	(50,800)	(54,800)
Dividend paid	13	(138,826)	(26,174)	—
Advance from a shareholder of the Company	28(c)	—	—	1,447
Shareholding acquisition from non-controlling interests for a subsidiary		—	(1,546)	—
Deemed distribution to shareholders	1.2(g)	—	—	(34,749)
Capital injection from shareholder	1.2(a), 1.2(e)	—	130	3,510
Net cash used in financing activities		<u>(139,889)</u>	<u>(13,697)</u>	<u>(33,743)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(10,110)</u>	<u>11,207</u>	<u>42,387</u>
Cash and cash equivalents at beginning of the year		<u>19,220</u>	<u>9,110</u>	<u>20,317</u>
Cash and cash equivalents at end of the year	23	<u><u>9,110</u></u>	<u><u>20,317</u></u>	<u><u>62,704</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 30 September 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961 as amended or supplemented or otherwise modified from time to time) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company of the Company is Junshu Holdings Limited. The ultimate controlling party of the Company is Mr. Sun Guangjun ("Mr. Sun").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation as described below (the "Reorganisation"), the Listing Business was mainly carried out by Plus (Shanghai) Digital Technologies Co., Ltd. ("Plus Shanghai"), a limited liability company established in the PRC, and its subsidiaries (the "PRC Operating Companies"). Before the completion of the Reorganisation, the PRC Operating Companies were held and controlled by Mr. Sun.

In preparation for the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation to incorporate the Company as the holding company of the companies which now comprise the Group to conduct the Listing Business. The Reorganisation involved the following steps:

(a) Incorporation of the Company and offshore shareholding restructuring

On 30 September 2021, the Company was incorporated in the Cayman Islands with limited liability, with an authorised share capital of USD50,000 divided into 50,000 shares of a nominal or par value of USD1.0 each. Upon the incorporation, one ordinary share of par value of USD1.0 was allotted and issued to an initial subscriber at par value, and was subsequently transferred to Guangjun Sun Holdings Limited ("Guangjun Sun Holdings"). On even date, the Company allotted and issued a total of 19,999 ordinary shares of par value of USD1.0 each to Guangjun Sun Holdings, Guangjun Holdings Limited ("Guangjun Holdings"), Robert Sun Holdings Limited ("Robert Sun Holdings"), Hannah Xia Holdings Limited ("Hannah Xia Holdings"), Sky Xia Holdings Limited ("Sky Xia Holdings"), Kuwei Holdings Limited ("Kuwei Holdings"), Kuzhong Holdings Limited ("Kuzhong Holdings") and Puzhong Holdings Limited ("Puzhong Holdings") at par value.

(b) Incorporation of an offshore subsidiary in the BVI

On 12 October 2021, Channel Power Plus Inc. ("Channel Power") was incorporated as a limited liability company in the BVI. On even date, one share was allotted and issued to the Company and Channel Power became a directly wholly-owned subsidiary of the Company.

(c) Incorporation of an offshore subsidiary in Hong Kong

On 5 November 2021, Plus (HK) Digital Technologies Limited ("Plus (HK)") was incorporated in Hong Kong. Upon the incorporation, 10,000 shares were allotted and issued to Channel Power and Plus (HK) became an indirectly wholly-owned subsidiary of the Company.

(d) Establishment of the wholly foreign owned enterprise

On 30 November 2021, Shanghai Channel Plus Technologies Co., Ltd. (“WFOE”) was established under the laws of the PRC as a wholly foreign owned enterprise with a registered capital of USD10,000,000 and it is wholly owned by Plus (HK).

(e) Capital increase of Plus Shanghai in December 2021 and conversion into a foreign-invested enterprise of Plus Shanghai

In December 2021, the registered capital of Plus Shanghai was increased from RMB61,555,000 to RMB62,177,000. Pursuant to the capital increase agreement dated 8 December 2021, New Mercury Investments Limited (“New Mercury Investments”) agreed to subscribe for the increased registered capital of RMB622,000 at a consideration of RMB3,510,000. New Mercury Investments was indirectly wholly-owned by Mr. Pun Kai Cheung (“Mr. Pun”), before the share swap as stated below. After such capital increase, Plus Shanghai became a foreign-invested enterprise. Such capital injection was fully paid by Mr. Pun in February 2022.

(f) Capital increase by WFOE into Plus Shanghai

In January 2022, the registered share capital of Plus Shanghai was further increased from RMB62,177,000 to RMB621,768,000, which was fully contributed by WFOE at a consideration of RMB559,592,000. Upon completion of such capital increase, Plus Shanghai was held as to 6.4%, 1.1%, 1.0%, 0.7%, 0.5%, 0.1%, 0.1%, 0.1% and 90.0% by Mr. Sun, Ningbo Kuwei Investment Management Partnership (Limited Partnership) (“Ningbo Kuwei”), Mr. Xia Jingtang (“Mr. Xia”), Ningbo Mingda Shengrui Equity investment Partnership (Limited Partnership) (“Mingda Shengrui”), Shanghai Puwei Business Management Partnership (Limited Partnership) (“Shanghai Puwei”), Ningbo Kuzhong Investment Management Partnership (Limited Partnership) (“Ningbo Kuzhong”), Ningbo Hanzhong Investment Management Partnership (Limited Partnership) (“Ningbo Hanzhong”), New Mercury Investments and WFOE, respectively.

(g) Acquisition of minority interests of Plus Shanghai

Pursuant to the equity transfer agreement dated 9 February 2022, Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong and Ningbo Hanzhong agreed to transfer aggregate 9.9% equity interests in Plus Shanghai to WFOE at total considerations of RMB34,749,000. After the completion of the equity transfer, Plus Shanghai was held as to 99.9% by WFOE.

(h) Subdivision and share swap

On 25 February 2022, each share of par value of USD1.0 of the Company was subdivided into 100 shares of par value of USD0.01 and thus the authorised share capital of the Company USD50,000 was divided into 5,000,000 shares of a nominal or par value of USD0.01 each.

On 1 March 2022, a share swap agreement was entered into between the Company, Channel Power, Brand Wisdom Limited (“Brand Wisdom”) and No.1 Mercury Holdings Limited (“No.1 Mercury Holdings”), the holding company of New Mercury Investments and was ultimate controlled by Mr. Pun, pursuant to which Brand Wisdom agreed to sell and Channel Power agreed to purchase 100% interest of No.1 Mercury Holdings with the par value of USD1.0 at a consideration of the Company allotting and issuing 4,008 shares with the par value of USD0.01 each to Brand Wisdom. Upon completion of the share swap, the Company was owned as to approximately 52.3%, 15.0%, 8.6%, 7.2%, 5.5%, 5.2%, 5.0%, 1.0% and 0.2% by Guangjun Holdings, Guangjun Sun Holdings, Kuwei Holdings, Hannah Xia Holdings, Puzhong Holdings, Kuzhong Holdings, Sky Xia Holdings, Robert Sun Holdings and Brand Wisdom, respectively.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment	Principal activities and place of operations	Registered /issued capital	Equity interest held (%)		Notes
				2020	As at 31 December 2021	
Direct Interests						
Channel Power Plus Inc.	BVI, 12 October 2021	Investment holding in BVI	USD1	Not applicable	100%	100% (i)
Indirect Interests						
Plus (HK) Digital Technologies Limited 普樂頓(香港)數字科技有限公司	The PRC (Hong Kong), 05 November 2021	Investment holding in Hong Kong	HKD10,000	Not applicable	100%	100% (i)
No.1 Mercury Holdings Limited	BVI, 01 December 2021	Investment holding in BVI	USD1	Not applicable	—	100% (i)
New Mercury Investments Limited 新水星投資有限公司	The PRC (Hong Kong), 08 November 2021	Investment holding in Hong Kong	HKD100	Not applicable	—	100% (i)
Shanghai Channel Plus Technologies Co., Ltd. 上海加諾普科技有限公司*	The PRC, 30 November 2021	Investment holding in Shanghai	USD10,000,000	Not applicable	100%	100% (i)
Plus (Shanghai) Digital Technologies Co., Ltd. 普樂頓(上海)數字科技有限公司*	The PRC, 06 August 2004	Providing digitalised commerce integrated solution services in mainland China	RMB621,768,000	100%	100%	100% (ii)
Shanghai Winning Idea Marketing Solution Co., Ltd. 上海贏迪市場營銷服務有限公司*	The PRC, 25 June 2004	Providing digitalised commerce integrated solution services in mainland China	RMB20,000,000	100%	100%	100% (ii)
Shanghai Winning Idea Marketing Services Co., Ltd. 上海贏迪營銷服務有限公司*	The PRC, 05 April 2017	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	100%	100%	100% (ii)
Shanghai Harvest Marketing Solution Services Co., Ltd. 上海藪為市場營銷策劃有限公司*	The PRC, 10 June 2009	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	100%	100%	100% (ii)
Shanghai Meecool Marketing Services Co., Ltd. 上海明藍營銷服務有限公司*	The PRC, 18 July 2012	Providing digitalised commerce integrated solution services in mainland China	RMB12,000,000	100%	100%	100% (ii)
Shanghai Retail Winner Digital Technologies Co., Ltd. 上海若勝米咖信息技術有限公司*	The PRC, 01 April 2017	System developments in mainland China	RMB2,000,000	100%	100%	100% (ii)
Shanghai Meecool Business Consulting Co., Ltd. 上海明藍商務諮詢有限公司*	The PRC, 29 June 2015	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	100%	100%	100% (i)
Shanghai Chengzhi Information Technology Co., Ltd. 上海呈智信息技術有限公司*	The PRC, 06 August 2020	Providing digitalised commerce integrated solution services in mainland China	RMB5,000,000	70%	100%	100% (i)
Beijing Plus Technology Co., Ltd 北京普樂頓科技有限公司*	The PRC, 18 August 2021	Investment holding in the PRC	RMB1,000,000	Not applicable	100%	100% (i)
Beijing Ruosheng Technology Co., Ltd 北京若勝科技有限公司*	The PRC, 16 August 2021	Investment holding in the PRC	RMB1,000,000	Not applicable	100%	100% (i)

- * The English name of certain subsidiaries referred to above represented the best efforts by management in translating their Chinese names as they do not have official English names.
- # Registered as wholly foreign owned enterprises under PRC law.
- (i) No audited financial statements were issued for these companies for the years ended 31 December 2020, 2021 and 2022 (or where applicable, from their respective date of incorporation to the end of the financial year) as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
- (ii) The audited financial statements of these companies for the year ended 31 December 2020 were prepared in accordance with Chinese accounting standards and audited by Zhong Shen Zhong Huan Certified Public Accountants. No audited financial statements were issued for these companies for the years ended 31 December 2021 and 2022 as they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is mainly conducted through the PRC Operating Companies. Pursuant to the Reorganisation, the PRC Operating Companies are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the Company and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the PRC Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out as below. These policies have been consistently applied throughout the years ended 31 December 2020, 2021 and 2022, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (“FVPL”) and financial assets at fair value through other comprehensive income (“FVOCI”), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations are adopted and consistently applied to the Group throughout the years ended 31 December 2020, 2021 and 2022.

2.2 New and amended standards, improvement, interpretation and accounting guideline which are not yet effective and have not been early adopted by the Group

The following new and amended standards, improvement, interpretation and accounting guideline have been issued but are not effective for the years ended 31 December 2020, 2021 and 2022 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards, improvement, interpretation and accounting guideline. According to the preliminary assessment made by management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.3 Principles of consolidation and equity accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

(ii) *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 15% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) *Equity accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.4 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman of the Group that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within “other gains — net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.6 Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives or, in case of leasehold improvements, the shorter lease term, as follows:

Leasehold improvement	Shorter of lease term or 3 years
Office equipment	3 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains — net" in the consolidated statement of comprehensive income.

2.7 Intangible assets

(a) *Computer software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. As at 31 December 2020, 2021 and 2022, intangible assets were mainly consisted of software purchased from third parties. There were no development costs meeting above criteria and capitalised as intangible assets for the years ended 31 December 2020, 2021 and 2022.

(b) *Research and development*

Research expenditure and development expenditure that do not meet the criteria in (a) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

(c) *Amortisation method and period*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Computer software 2–5 years

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income "OCI" or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Company's and the Group's financial assets comprise trade receivables, contract assets, deposits and other receivables, financial assets at FVPL and cash and cash equivalents.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains — net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains — net and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains — net in the period in which it arises.

(d) *Impairment*

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rate is updated and changes in the forward-looking estimates are analysed.

Impairment on deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

For other financial assets at amortised cost, including cash and cash equivalents, management considers that their credit risks have not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. There was no financial asset and liability offset during the years ended 31 December 2020, 2021 and 2022.

2.11 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Inventories consist mainly of candy products and the net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables from certain customers of the Group, whose contractual cash flows represent solely payments of principal and interest, were factored to reputable financial institutions under non-recourse factoring arrangement according to the Group's daily fund management needs. These trade receivable's business model is therefore achieved both by collecting contractual cash flows and selling of these assets and measures them subsequently at fair value through OCI.

See Note 3.1(b)(iii) for a description of the Group's impairment policies.

2.13 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to provide services to the customer. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Contract assets are recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Conversely, a contract liability represents the Group's obligation to transfer the aforesaid services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 3.1(b)(iii) and are reclassified to receivables when the right to the consideration has become unconditional.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand, cash at bank and other financial institutions with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

2.18 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the year in which they are incurred.

2.19 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.20 Employee benefits

(a) *Pension obligations*

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(f) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The difference in between the fair value of the equity instruments to be transferred at the grant date and the cash consideration to be received at grant date was reorganised as "employee benefits".

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

Control of the service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises costs incurred in obtaining contracts with customers that are directly associated with the contracts as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

The Group adopted output methods to recognise its revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract. The Group's service contracts for which internal or customers' project managers will certify the work on a specific time interval basis over the service period.

The payment terms differed for different customers due to the variety of projects. Tasks and marketers matching service and marketers assignment service are charged on monthly basis while customised marketing solution and SaaS+ subscription services are charged on project basis. Most of the payment is payable with credit term of 30-180 days. The Group does not intend to give a financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

For revenue from customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription that contain variable consideration such as variations in the performance of the labour and incentive payment, the Group estimates the amount of consideration to which it will be entitled using the most likely amount. The estimated amount of variable consideration is included in the transactions price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(a) Customised marketing solution

Customised marketing solution formulates and implements customised sales and marketing plans of the Group's customers' merchandise in offline retail stores with a view to raising brand awareness, promoting merchandise and driving sales. In particular, the Group sets up venues, arranges for marketers and event consumables and facilitates overall project management. Typical examples of customised sales and marketing activities include promotional activities, marketing events, roadshows, product launch events, order-placing events and appreciation ceremonies.

The activities from customised marketing solution all together form a single performance obligation as the Group provides an integrated service. Revenue is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

(b) *Tasks and marketers matching service*

Tasks and marketers matching service formulates and implements standardised sales and marketing activities for the Group's customers' merchandise at offline retail stores with a view to enhancing its customers' sales performance. In particular, the Group's customers' marketing tasks are published via the Group's digitalised tool, namely *Touchkit*. The Group analyses historical task performance of marketers to identify their strengths and characteristics. With such analysis, the Group provides matching recommendation on tasks and suitable marketers. Also, with the aim to achieving the Group's customers' performance targets, the Group regularly evaluates the impact of its services on sales performance.

Revenue from tasks and marketers matching service is recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance.

(c) *Marketers assignment service*

Marketers assignment service assigns the Group's employee marketers to execute sales and marketing duties based on the Group's customers' instructions at designated offline retail stores and helps manage human resources-related administration matters of these employee marketers. In particular, the Group enables its customers to reduce operating costs associated with human resources-related administration matters and enhance management efficiency. As such, the Group's customers can focus on and allocate more management resources towards their core business activities, while having access to stable supply of marketers.

The marketers assignment service revenue is recorded over time as the customers simultaneously receive and consume the benefits provided by the Group's performance of the monthly administration work.

(d) *SaaS+ subscription*

SaaS+ subscription offers customisation (on an as-needed basis) and subscription for the readily-available digitalised tools. In particular, the digitalised tools support the customers to streamline their sales and marketing process and manage their offline retail network, as well as make data-driven decisions.

Revenue from SaaS+ subscription service which including data subscription and system set up is under separate contracts and they are considered as distinct performance obligations. The revenue is recognised over time. When providing the system set-up service, the Group's performance does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date. Besides, the customer simultaneously receives and consumes the benefits of subscription service provided by the Group as the Group performs. The Group generally charges its customers with service fee for system set up and a fixed subscription fee over the contract period.

(e) *Principal versus agent considerations*

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group controls the specified service before it is transferred to the customer, is primarily responsible for meeting customer specifications, is subject to the risk associated with employment, and has discretion in establishing prices.

(i) *Customised marketing solution*

Revenue for provision of customised marketing solution is recognised on a gross basis over time while the contract costs to fulfil a contract, such as labour costs, event consumables and operating costs are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group has control over the selection and evaluation of service personnel, such as discretion on salary package and key performance indicators of the staff employed and has the primarily responsibility for the quality and stability of the available staffing resources.
- The Group is subject to the risks associated with employment of the employees.
- The Group has the discretion in managing the specified implementation of service plans, such as promotion strategies, personnel scheduling, and daily management plan.
- The Group is primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers and is subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(ii) *Tasks and marketers matching service*

Revenue for tasks and marketers matching service is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating costs and labour costs are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group acts as organisers and project leaders in providing standardised promotion service implemented, such as budget management, assisting with sales and marketing activities, and other day-to-day operations.
- The Group is primarily responsible for fulfilling the promise to provide the specified commodities and services to the customers.
- The Group has the discretion on the choose of supplier and resources input in the projects and is subject to risk of failure to fulfil the key performance indicator metrics set by the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(iii) *Marketers assignment service*

Revenue for marketers assignment service is recognised on a net basis over time which the labour costs paid to the employees are recorded to net off revenue. The Group acts as an agent due to the following reasons:

- The Group provides advice to the customers but lack of control over the services implementation plan.
- The Group has no control over the daily performance or work schedule of the labour. For example, the Group has no discretion on salary level of staff employed.
- The Group assists the selection and signs off the labour contracts with hired personnel according to the final decision made by the customers. The Group is lack of the risk on the recruited employees as they could get full recovery from its customers on the labour costs.

(iv) *SaaS+ subscription*

Revenue for SaaS+ subscription is recognised on a gross basis over time while the contract costs to fulfil a contract, such as operating cost and labour costs for the set up services are recognised as cost of services. The Group acts as a principal due to the following reasons:

- The Group is the organiser of the services and primarily responsible for fulfilling the promise to provide the specified services to the customers.
- The Group controls the specified data and the digitalised tools before it is transferred to the customer.
- The Group has the discretion on the choose of supplier and resources input in the projects and is subject to risk it is failure to fulfil the requirement from the customers.
- The Group has price discretion on the amount paid to suppliers and it controls the price setting to its customers based on the nature and timing of individual projects.

(f) *Existence of significant financing component*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(g) *Practical expedient*

As a practical expedient, the Group elects not to disclose the information for remaining performance obligation of customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription as the contract have an original expected duration of less than one year.

2.23 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statements of comprehensive income as "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purpose, see Note 10 below.

2.26 Earnings per share**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial years, adjusted for bonus elements in ordinary shares issued during the years and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group enters into lease agreements as a lessee with respect to certain leased offices.

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs, if any.

Payments associated with short-term leases are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activity is undertaken by management.

(a) Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2020, 2021 and 2022, there was no significant non-RMB assets and liabilities. Therefore, the Group does not have any material foreign exchange risk exposure.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from cash at banks and bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by the bank deposits. As the repayment schedule of bank borrowing are all within one year, the potential risk result from interest rate amendment is immaterial. The interest rate profile of bank borrowings is disclosed in Notes 26 and 28. The bank deposits generate interest at the prevailing market interest rates.

(iii) Price risk

The Group is exposed to price risk in respect of financial assets at FVPL held by the Group which are carried at fair value with changes in the fair value recognised in profit or loss.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Each investment is managed by senior management on a case-by-case basis. The impact of variable price of the Group's investments please refer to Note 22.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, cash and cash equivalents, financial assets at FVPL. The carrying amounts of above items represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and large-sized listed banks whose credit rating are AAA or AA+. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Financial assets at FVPL

The Group expects that there is no significant credit risk associated with financial assets at FVPL as the Group invests in treasury investment products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(iii) Trade receivables and contract assets

The Group applies simplified approach prescribed by HKFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and ageing period. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group divided trade receivables and contract assets into two categories to measure the expected credit loss rates. Category 1 is for customers who have a relatively low credit risk and no default history. Category 2 is for customers who have a relatively higher credit risk. With different types of customers, the Group calculated the expected credit loss rates respectively.

For category 1, the Group considers that these customers have a good credit profile and no default history. Also, these customers are financially capable of settling the outstanding amount. The expected credit losses for these customers are assessed individually.

For category 2, the expected credit loss rates for the trade receivables and contract assets are determined according to a provision matrix where balances that are mainly less than 12 months overdue are provided for at expected credit loss rates per below.

The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors (i.e., Gross Domestic Product and Consumer Price Index) affecting the ability of the customers to settle the receivables.

Based on the management assessment, the provision for impairment of trade receivables and contract assets is approximately RMB3,955,000, RMB4,438,000 and RMB2,753,000 as at 31 December 2020, 2021 and 2022, respectively.

On that basis, the loss allowance as at end of each reporting period was determined as follows for trade receivables and contract assets.

Category 1: Customers have a relatively low credit risk and no default history based on the external credit rating.

The provision for impairment of Category 1 trade receivables and contract assets as at 31 December 2020, 2021 and 2022 by past due date was determined as follows:

As at 31 December 2020	Aaa	Aa	A	Baa	Ba	Total
Gross carrying amount (RMB'000)	927	183,532	258,888	81,189	—	524,536
Expected credit loss rates	0.02%	0.03%	0.04%	0.09%	0.95%	
Loss allowance (RMB'000)	—*	(58)	(95)	(71)	—	(224)
Net carrying amount (RMB'000)	<u>927</u>	<u>183,474</u>	<u>258,793</u>	<u>81,118</u>	<u>—</u>	<u>524,312</u>
As at 31 December 2021	Aaa	Aa	A	Baa	Ba	Total
Gross carrying amount (RMB'000)	728	205,582	288,078	55,334	—	549,722
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	—*	(63)	(113)	(43)	—	(219)
Net carrying amount (RMB'000)	<u>728</u>	<u>205,519</u>	<u>287,965</u>	<u>55,291</u>	<u>—</u>	<u>549,503</u>
As at 31 December 2022	Aaa	Aa	A	Baa	Ba	Total
Gross carrying amount (RMB'000)	838	200,354	263,129	35,562	—	499,883
Expected credit loss rates	0.02%	0.03%	0.04%	0.08%	0.95%	
Loss allowance (RMB'000)	—*	(58)	(93)	(27)	—	(178)
Net carrying amount (RMB'000)	<u>838</u>	<u>200,296</u>	<u>263,036</u>	<u>35,535</u>	<u>—</u>	<u>499,705</u>

* Less than RMB1,000.

Category 2: Customers have a relatively higher credit risk

The provision for impairment of Category 2 trade receivables and contract assets as at 31 December 2020, 2021 and 2022 by past due date was determined as follows:

As at 31 December 2020	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
Gross carrying amount (RMB'000)	13,392	817	1,623	124	40	—	—	2,509	18,505
Expected credit loss rates	7.16%	7.22%	11.09%	12.10%	22.50%	68.76%	100.00%	100.00%	
Loss allowance (RMB'000)	(959)	(59)	(180)	(15)	(9)	—	—	(2,509)	(3,731)
Net carrying amount (RMB'000)	<u>12,433</u>	<u>758</u>	<u>1,443</u>	<u>109</u>	<u>31</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,774</u>
As at 31 December 2021	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
Gross carrying amount (RMB'000)	14,763	11,512	1,582	141	259	239	—	2,517	31,013
Expected credit loss rates	5.16%	5.16%	7.96%	8.51%	16.99%	68.62%	100.00%	100.00%	
Loss allowance (RMB'000)	(762)	(594)	(126)	(12)	(44)	(164)	—	(2,517)	(4,219)
Net carrying amount (RMB'000)	<u>14,001</u>	<u>10,918</u>	<u>1,456</u>	<u>129</u>	<u>215</u>	<u>75</u>	<u>—</u>	<u>—</u>	<u>26,794</u>

As at 31 December 2022	Current	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
Gross carrying amount (RMB'000)	26,157	8,589	1,645	1,315	445	—	177	68	38,396
Expected credit loss rates	5.75%	5.75%	7.96%	9.58%	17.08%	61.03%	100.00%	100.00%	
Loss allowance (RMB'000)	(1,503)	(494)	(131)	(126)	(76)	—	(177)	(68)	(2,575)
Net carrying amount (RMB'000)	<u>24,654</u>	<u>8,095</u>	<u>1,514</u>	<u>1,189</u>	<u>369</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>35,821</u>

(iv) *Other receivables at amortised cost*

Other receivables at amortised cost mainly represents other receivables and deposits in well-known companies. The Group uses the expected credit loss model to determine the expected loss provision for other receivables. Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. All other receivables are performing and credit risk is in line with original expectations. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

The loss allowance provision for trade receivable, contract assets and other receivables as at 31 December 2020, 2021 and 2022 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Contract assets RMB'000	Other receivables RMB'000	Total RMB'000
As at 1 January 2020	3,375	878	85	4,338
(Reversal of impairment losses)/ impairment losses on financial assets	<u>(467)</u>	<u>169</u>	<u>41</u>	<u>(257)</u>
As at 31 December 2020	<u>2,908</u>	<u>1,047</u>	<u>126</u>	<u>4,081</u>
As at 1 January 2021	2,908	1,047	126	4,081
Impairment losses/(reversal of impairment losses) on financial assets	<u>698</u>	<u>(215)</u>	<u>(20)</u>	<u>463</u>
As at 31 December 2021	<u>3,606</u>	<u>832</u>	<u>106</u>	<u>4,544</u>
As at 1 January 2022	3,606	832	106	4,544
(Reversal of impairment losses)/ impairment losses on financial assets	<u>(217)</u>	<u>735</u>	<u>35</u>	<u>553</u>
Written off of bad debt	<u>(2,203)</u>	<u>—</u>	<u>—</u>	<u>(2,203)</u>
As at 31 December 2022	<u>1,186</u>	<u>1,567</u>	<u>141</u>	<u>2,894</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and maturity mismatches of assets and liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within				
	1 year	1 to 2 year	2 to 3 year	Over 3 year	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at 31 December 2020					
Trade and other payables (excluding non-financial liabilities)	111,010	—	—	—	111,010
Amount due to a related party	17	—	—	—	17
Bank borrowings and interest payments	31,657	—	—	—	31,657
Lease liabilities (including interest payments)	<u>5,382</u>	<u>2,591</u>	<u>1,121</u>	<u>—</u>	<u>9,094</u>
	<u>148,066</u>	<u>2,591</u>	<u>1,121</u>	<u>—</u>	<u>151,778</u>
As at 31 December 2021					
Trade and other payables (excluding non-financial liabilities)	105,006	—	—	—	105,006
Bank borrowings and interest payments	55,333	—	—	—	55,333
Lease liabilities (including interest payments)	<u>3,956</u>	<u>1,971</u>	<u>212</u>	<u>—</u>	<u>6,139</u>
	<u>164,295</u>	<u>1,971</u>	<u>212</u>	<u>—</u>	<u>166,478</u>

	Within 1 year <i>RMB'000</i>	1 to 2 year <i>RMB'000</i>	2 to 3 year <i>RMB'000</i>	Over 3 year <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022					
Trade and other payables (excluding non-financial liabilities)	106,606	—	—	—	106,606
Amount due to a related party	1,447	—	—	—	1,447
Bank borrowings and interest payments	62,033	—	—	—	62,033
Lease liabilities (including interest payments)	<u>2,379</u>	<u>56</u>	<u>—</u>	<u>—</u>	<u>2,435</u>
	<u>172,465</u>	<u>56</u>	<u>—</u>	<u>—</u>	<u>172,521</u>

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses equity to finance its operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities and amounts due to related parties less cash and cash equivalents and financial assets at FVPL. Total capital is calculated as "total equity" as shown in the consolidated statements of financial position.

The Group's strategy is to maintain a gearing ratio at a minimal level. The gearing ratio at 31 December 2020, 2021 and 2022 were as follows:

	<i>Notes</i>	As at 31 December		
		2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>
Borrowings	26	31,000	54,800	61,273
Lease liabilities	16	8,626	5,911	2,374
Amounts due to related parties	28	17	—	1,447
Less: Cash and cash equivalents	23	(9,110)	(20,317)	(62,704)
Less: Financial assets at FVPL	22	<u>(9,180)</u>	<u>(4,000)</u>	<u>—</u>
Net debt		21,353	36,394	2,390
Total equity		<u>267,437</u>	<u>325,031</u>	<u>346,494</u>
Gearing ratio		<u>8.0%</u>	<u>11.2%</u>	<u>0.7%</u>

3.3 Fair value estimation

(a) Fair value hierarchy

The Group analyses its financial instruments' fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial department of the Group performs the valuation of level 3 financial instruments for financial reporting purposes and manages the valuation exercise of the financial instruments on a case by case basis. At least once a year, the financial department uses valuation techniques to determine the fair value of level 3 financial instruments and reports to senior management and the directors of the Company.

The following table presents the Group's assets that are measured at fair value.

	Level 3
	<i>RMB'000</i>
As at 31 December 2020	
Financial assets at FVOCI: trade receivable	210,568
Financial assets at FVPL: short-term treasury investments	9,180
	<u>219,748</u>
As at 31 December 2021	
Financial assets at FVOCI: trade receivable	265,201
Financial assets at FVPL: short-term treasury investments	4,000
	<u>269,201</u>
As at 31 December 2022	
Financial assets at FVOCI: trade receivable	239,296
Financial assets at FVPL: short-term treasury investments	—
	<u>239,296</u>

(b) Fair value measurements using unobservable inputs

The Group enters into short-term treasury investments products contracts with certain financial institutions in the PRC. These are reflected as financial assets at FVPL on the consolidated statement of financial position. The management has exercised due care when make investment decision with focus only on low risk treasury investment products.

The main level 3 inputs used by the Group are return rates of the financial assets at FVPL which are derived and evaluated based on the yield rate written in contracts by the counterparties.

Quantitative information about fair value measurements using unobservable inputs(i) *FVPL*

Description	As at 31 December			Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
	2020 RMB'000	2021 RMB'000	2022 RMB'000			
Fair value	9,180	4,000	—	Discounted cash flow	Expected return rate	The higher the expected return rate, the higher the fair value.
Range of unobservable input	2.15%– 2.91%	2.60%– 2.99%	—			

As at 31 December 2020, 2021 and 2022, a change in expected return rate per annum by 100 basis points will result in a change in fair value by approximately RMB92,000, RMB40,000 and nil respectively.

(ii) *FVOCI*

Description	As at 31 December			Valuation technique	Unobservable input	Relationship of unobservable inputs to fair value
	2020 RMB'000	2021 RMB'000	2022 RMB'000			
Fair value	210,568	265,201	239,296	Discounted cash flow	Discount rate	The higher the discount rate, the lower the fair value.
Range of unobservable input	2.54%– 3.95%	3.54%– 3.95%	3.23%– 3.95%			

As at 31 December 2020, 2021 and 2022, a change in discount rate per annum by 100 basis points will result in a change in fair value by approximately RMB2,106,000, RMB2,652,000 and RMB2,393,000 respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Revenue recognition

The management measures the value of services performed based on output method, which is to recognise revenue on the basis of direct measurement of the value of services transferred to the customer to date relative to the remaining services promised to be completed under the service contracts. The services contracts normally complete within a year. Management estimates the revenue at the commencement of the service contracts and regularly assesses the progress of projects as well as the financial impact of cost incurred, scope changes, claims and disputes. The management's estimate of revenue and the completion status of service contracts requires significant judgement and has a significant impact on the amount and timing of revenue recognised. There are internal and customers' project managers to measure the value of the services completed for each project periodically and issue internal progress reports. The Group regularly reviews and revises the estimation of contract revenue prepared for each service contract as the contract progresses based on internal progress reports or confirmation from customers' project managers.

(b) Principal versus agent considerations

The Group follows the accounting guidance for principal and agent considerations to assess whether the Group controls the specified service before it is transferred to the customer and also 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 including whether the entity has discretion in selecting suppliers; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; (c) whether the entity has discretion in establishing the prices for the specified service. The directors of the Company consider the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgement when assessing the indicators depending on different circumstances.

(c) Impairment loss of trade receivables and contract assets

The Group follows the guidance of HKFRS 9 to determine whether trade receivables and contract assets are impaired. Significant judgement is exercised on the assessment of the risk of default and expected credit losses from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including payments schedule, customers' financial positions and expected future change of credit risks, including consideration of factors such as general economy measure, changes in macro-economic indicators, etc. Details of assumptions and inputs used are discussed in Note 3.1(b)(iii).

(d) Current and deferred income taxes

The Group is principally subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made. Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 REVENUE AND SEGMENT INFORMATION

The chairman of the Company has been identified as the chief operating decision maker of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The chairman of the Company regards the Group's business as a single operating segment and review consolidated financial statements accordingly.

(a) Disaggregation of revenue

	Year ended 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Revenue from:			
Customised marketing solution	305,888	272,724	459,623
Tasks and marketers matching service	32,127	59,238	82,062
Marketers assignment service	73,583	69,412	48,713
SaaS+ subscription	1,973	14,915	27,712
	<u>413,571</u>	<u>416,289</u>	<u>618,110</u>

All revenue of the Group is recognised over time during the years ended 31 December 2020, 2021 and 2022.

(b) Geographical information

All the revenue and assets are based in the PRC during the years ended 31 December 2020, 2021 and 2022.

(c) Revenue from major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for years ended 31 December 2020, 2021 and 2022 is set out below:

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Customer A	N/A*	N/A*	85,954
Customer B	71,187	81,235	80,317
Customer C	61,838	N/A*	N/A*
Customer D	N/A*	N/A*	166,757
Customer E	68,507	66,509	N/A*

* Represent less than 10% of revenue for the respective years.

(d) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the years ended 31 December 2020, 2021 and 2022 related to carried-forward contract liabilities.

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year			
Marketers assignment service	5,019	3,624	3,297

(e) Unsatisfied performance obligations

As disclosed in Note 2.22(e), the Group elects not to disclose the information for remaining performance obligation of customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription as the contracts have an original expected duration of less than one year as a practical expedient.

(f) Assets recognised from costs to fulfil a contract

	31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Asset recognised from costs incurred to fulfil a contract as at 31 December	2,392	712	480
Amortisation recognised as cost of providing services during the year	3,781	2,392	712

6 OTHER INCOME AND GAINS — NET

	Year ended 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Other income			
Government grants <i>(Note (a))</i>	3,746	22,829	26,090
Interest income from related parties <i>(Note 28(b))</i>	2,857	—	—
Gain on additional deduction of value-added tax	1,790	1,859	1,804
	<u>8,393</u>	<u>24,688</u>	<u>27,894</u>
Other gains — net			
Fair value gains from FVPL	316	485	753
Loss on disposal of plant and equipment	—	(9)	(39)
Gains on termination of leases	—	—	292
Others	(76)	(12)	(4)
	<u>240</u>	<u>464</u>	<u>1,002</u>

- (a) The government grants were mainly consisted of job-subsidy programme and companies registration subsidies for the years ended 31 December 2020, 2021 and 2022. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of material government assistance.

7 Expenses by nature

	Year ended 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Employee benefit expenses (including directors' emoluments) <i>(Note 8)</i>	52,441	63,932	297,338
Labour service fees	209,354	194,630	166,059
Research, development and technical service expenses	9,603	10,831	25,754
Event consumables	29,238	38,354	22,320
Listing expenses	—	8,370	17,853
Travel and transportation expenses	16,035	16,359	13,349
Office expenses	6,570	4,753	8,727
Other taxes and levies	7,999	7,877	6,690
Amortisation and depreciation <i>(Note 14, Note 15, Note 16(a))</i>	7,461	7,402	6,004
Impairment losses on inventories	1,755	—	—
Auditor's remuneration — audit services	739	—	—
Other expenses	3,169	2,348	2,650
	<u>344,364</u>	<u>354,856</u>	<u>566,744</u>
Representing:			
Cost of services	249,605	246,040	444,543
Administrative expenses	64,312	75,886	77,874
Research and development expenses	11,743	12,161	25,019
Selling and marketing expenses	18,704	20,769	19,308
	<u>344,364</u>	<u>354,856</u>	<u>566,744</u>

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Wages and salaries	34,273	40,557	218,354
Discretionary bonuses	2,207	2,281	1,172
Contributions to pension plans (<i>Note (c)</i>)	3,128	8,956	51,718
Housing benefits and other expenses	12,833	12,138	26,094
	<u>52,441</u>	<u>63,932</u>	<u>297,338</u>
Representing:			
Cost of services	7,659	9,424	248,792
Administrative expenses	25,465	30,019	22,696
Selling and marketing expenses	15,892	18,430	17,762
Research and development expenses	3,425	6,059	8,088
	<u>52,441</u>	<u>63,932</u>	<u>297,338</u>

(a) Employee benefit expenses increased significantly for the year ended 31 December 2022 was mainly because some of the Group's customers switched their service type from marketers assignment service to customised marketing solution and thus, the employee benefit including wages and salaries, contributions to pension plans, housing benefits in relation to the employee marketers were recorded in full in employee benefit expenses for customised marketing solution (instead of being recognised on a net basis under marketers assignment service).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include the two, two and two directors for each of the years ended 31 December 2020, 2021 and 2022 respectively. Their emoluments were reflected in Note 9(a). The emoluments paid to the remaining non-director individuals are as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Wages and salaries	1,268	1,981	2,328
Discretionary bonuses	257	134	25
Contributions to pension plans	83	290	251
Housing benefits and other expenses	69	74	98
	<u>1,677</u>	<u>2,479</u>	<u>2,702</u>

The emoluments fell within the following bands:

Emolument band (in Hong Kong dollars)	Number of individuals		
	Year ended 31 December		
	2020	2021	2022
HK\$500,001–HK\$1,000,000 (equivalent to approximately RMB409,000 to RMB818,000)	3	3	2
HK\$1,000,001–HK\$1,500,000 (equivalent to approximately RMB818,000 to RMB1,226,000)	—	—	1
	<u>3</u>	<u>3</u>	<u>3</u>

(c) Contributions to pension plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

According to policies issued by the Ministry of Human Resources and Social Security and local municipal departments, affected by Coronavirus Disease 2019 (COVID-19), social security relief policies have been successively implemented by local authorities. As such, the social insurance expenses for the period from February 2020 to December 2020 have been reduced or exempted accordingly.

During the years ended 31 December 2020, 2021 and 2022, no forfeited contributions were utilised by the Group to reduce its contributions, and no forfeited contribution was available as at 31 December 2020, 2021 and 2022 to reduce future contributions.

9 BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' emoluments**

Mr. Sun was appointed as an executive director of the Company on 30 September 2021. Mr. Yang was appointed as executive director of the Company on 1 July 2022.

Mr. Li Jianbo and Mr. Zhong Jiesheng were appointed as the Company's non-executive directors of the Company on 1 July 2022.

Ms. Li Yingkai, Mr. Lau Man Tak and Mr. Ngan Wing Ho were appointed as the Company's independent non-executive directors of the Company on 23 September 2022.

The remuneration of each director paid/payable for each of the years ended 31 December 2020, 2021 and 2022 were set out below:

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Allowances and benefits in kind (note (ii)) RMB'000	Total RMB'000
For the year ended						
31 December 2020						
Executive director and chief executive officer:						
Mr. Sun	—	533	—	30	22	585
Executive director:						
Mr. Yang	—	426	115	30	22	593
Total	—	959	115	60	44	1,178

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Allowances and benefits in kind (note (ii)) RMB'000	Total RMB'000
For the year ended						
31 December 2021						
Executive director and chief executive officer:						
Mr. Sun	—	716	45	97	25	883
Executive director:						
Mr. Yang	—	559	34	97	25	715
Total	—	1,275	79	194	50	1,598

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Allowances and benefits in kind (note (ii)) RMB'000	Total RMB'000
For the year ended						
31 December 2022						
Executive director and chief executive officer:						
Mr. Sun	—	843	—	96	27	966
Executive director:						
Mr. Yang	—	585	—	96	27	708
Non-executive directors:						
Mr. Li Jianbo	—	—	—	—	—	—
Mr. Zhong Jiesheng	—	—	—	—	—	—
Independent non-executive directors:						
Ms. Li Yingkai	—	—	—	—	—	—
Mr. Lau Man Tak	—	—	—	—	—	—
Mr. Ngan Wing Ho	—	—	—	—	—	—
Total	—	1,428	—	192	54	1,674

- (i) The remunerations of executive directors represent remunerations received from the PRC Operating Companies by these directors in their capacity as employees to the PRC Operating Companies.
- (ii) Allowances and benefits in kind mainly represent the Housing Provident Fund regulated by Ministry of Human Resources and Social Security of the PRC.
- (iii) During the period from the date of respective appointment to ended 31 December 2022, the non-executive directors and independent non-executive directors did not receive any remuneration from the Group. No directors waived any emoluments during the years ended 31 December 2020, 2021 and 2022.

(b) Directors' termination benefits

No payment was made to the directors as compensation for the early termination of the appointment during the years ended 31 December 2020, 2021 and 2022.

(c) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of the directors for making available the services of them as a director of the Company or PRC Operating Companies during the years ended 31 December 2020, 2021 and 2022.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2020, 2021 and 2022.

(e) Directors' material interests in transactions, arrangements or contracts

Other than those disclosed in Note 9 and 28, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or PRC Operating Companies were a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the three years or at any time during the years ended 31 December 2020, 2021 and 2022.

10 FINANCE COSTS — NET

	Year ended 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Finance income			
— Bank interest income	61	136	162
	<u>61</u>	<u>136</u>	<u>162</u>
Finance costs			
— Interest for trade receivables factoring	(2,722)	(2,142)	(715)
— Interest expenses for bank borrowings	(1,131)	(2,401)	(2,093)
— Interest expenses on lease liabilities	(523)	(373)	(265)
— Others	(178)	—	—
	<u>(4,554)</u>	<u>(4,916)</u>	<u>(3,073)</u>
	<u><u>(4,493)</u></u>	<u><u>(4,780)</u></u>	<u><u>(2,911)</u></u>

11 INCOME TAX EXPENSES**(a) Cayman Islands and BVI Income Tax**

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, members of the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong during the years ended 31 December 2020, 2021 and 2022.

(c) The PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding tax rates of the group company in Hong Kong is 10% after the completion of the Reorganisation (Note 1.2).

(d) PRC Enterprise Income Tax

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC significant subsidiaries during the years ended 31 December 2020, 2021 and 2022. Certain subsidiaries of the Group in the PRC were qualified as "Small Low-Profit Enterprise" since 2019. "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. From 1 January 2019 to 31 December 2020, under the two-tiered profits tax rates regime, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. From 1 January 2021 to 31 December 2022, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. Thus, the subsidiaries were subject to a preferential income tax rate of 5% or 10% in 2020 and 2.5%, or 10% in 2021 and 2022.

	Year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	20,112	21,812	22,476
Deferred income tax (Note 18)	<u>(574)</u>	<u>631</u>	<u>1,420</u>
Income tax expenses	<u>19,538</u>	<u>22,443</u>	<u>23,896</u>

Reconciliation between income tax expenses and accounting profit at applicable tax rate:

	Year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	<u>73,435</u>	<u>81,453</u>	<u>76,598</u>
Tax calculated at the statutory PRC tax rate of 25%	18,359	20,363	19,150
Tax effect of expenses not deductible for tax purposes	1,519	3,002	1,033
Tax effect of expenses additional deductible for tax purposes	(64)	(138)	(95)
The impact of difference in tax rate applicable to subsidiaries	<u>(276)</u>	<u>(784)</u>	<u>3,808</u>
	<u>19,538</u>	<u>22,443</u>	<u>23,896</u>

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020, 2021 and 2022.

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020, 2021 and 2022, the 1 share issued on 30 September 2021 (the date of incorporation of the Company) and 19,999 shares issued on even date under the Reorganisation in preparation for the Listing (Note 1.2(a)) were deemed to have been issued on 1 January 2020 as if the Company has been incorporated by then, and the effects of share subdivisions on 25 February 2022 (Note 1.2(h)) and 4 April 2023 (Note 29(b)) have been retrospectively adjusted for the purpose of earnings per share computation. In addition to the aforementioned, in determining the weighted average number of ordinary shares in issue during the year ended 31 December 2022, the effect of 200 treasury shares received on 18 January 2022 (Note 24(b)(ii)) and 4,008 shares issued on 1 March 2022 (Note 1.2(h)) have also been adjusted by a time-weighting factor.

	Year ended 31 December		
	2020	2021	2022
Profit attributable to owners of the Company (RMB'000)	53,874	58,664	52,702
Weighted average number of ordinary shares in issue	100,000,000	100,000,000	99,218,000
Basic and diluted earnings per share (in RMB)	<u>0.54</u>	<u>0.59</u>	<u>0.53</u>

Diluted earnings per shares for the years ended 31 December 2020, 2021 and 2022 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years.

13 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends of RMB165,000,000 during the year ended 31 December 2020 represented dividends declared by a company now comprising the Group to its then shareholders. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

14 PLANT AND EQUIPMENT

	Leasehold improvement <i>RMB '000</i>	Office equipment <i>RMB '000</i>	Motor vehicles <i>RMB '000</i>	Total <i>RMB '000</i>
At 1 January 2020				
Cost	1,545	3,408	457	5,410
Accumulated depreciation	<u>(1,298)</u>	<u>(2,626)</u>	<u>(245)</u>	<u>(4,169)</u>
Net book amount	<u>247</u>	<u>782</u>	<u>212</u>	<u>1,241</u>
Year ended 31 December 2020				
Opening net book amount	247	782	212	1,241
Additions for the year	—	188	—	188
Depreciation charge (<i>Note 7</i>)	<u>(243)</u>	<u>(277)</u>	<u>(44)</u>	<u>(564)</u>
Closing net book amount	<u>4</u>	<u>693</u>	<u>168</u>	<u>865</u>
At 31 December 2020				
Cost	1,545	3,596	457	5,598
Accumulated depreciation	<u>(1,541)</u>	<u>(2,903)</u>	<u>(289)</u>	<u>(4,733)</u>
Net book amount	<u>4</u>	<u>693</u>	<u>168</u>	<u>865</u>
Year ended 31 December 2021				
Opening net book amount	4	693	168	865
Additions for the year	—	297	323	620
Disposals	—	(18)	—	(18)
Depreciation charge (<i>Note 7</i>)	<u>(4)</u>	<u>(324)</u>	<u>(75)</u>	<u>(403)</u>
Closing net book amount	<u>—</u>	<u>648</u>	<u>416</u>	<u>1,064</u>
At 31 December 2021				
Cost	1,545	3,553	780	5,878
Accumulated depreciation	<u>(1,545)</u>	<u>(2,905)</u>	<u>(364)</u>	<u>(4,814)</u>
Net book amount	<u>—</u>	<u>648</u>	<u>416</u>	<u>1,064</u>

	Leasehold improvement <i>RMB '000</i>	Office equipment <i>RMB '000</i>	Motor vehicles <i>RMB '000</i>	Total <i>RMB '000</i>
Year ended 31 December 2022				
Opening net book amount	—	648	416	1,064
Additions for the year	—	392	—	392
Disposals	—	(43)	—	(43)
Depreciation charge (<i>Note 7</i>)	—	(323)	(106)	(429)
Closing net book amount	<u>—</u>	<u>674</u>	<u>310</u>	<u>984</u>
At 31 December 2022				
Cost	1,545	3,085	780	5,410
Accumulated depreciation	<u>(1,545)</u>	<u>(2,411)</u>	<u>(470)</u>	<u>(4,426)</u>
Net book amount	<u>—</u>	<u>674</u>	<u>310</u>	<u>984</u>

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Administrative expenses	488	332	381
Selling and marketing expenses	<u>76</u>	<u>71</u>	<u>48</u>
	<u>564</u>	<u>403</u>	<u>429</u>

15 INTANGIBLE ASSETS

	Computer software <i>RMB '000</i>
At 1 January 2020	
Cost	6,477
Accumulated amortisation	<u>(3,493)</u>
Net book amount	<u>2,984</u>
Year ended 31 December 2020	
Opening net book amount	2,984
Additions for the year	1,403
Amortisation charge (<i>Note 7</i>)	<u>(1,698)</u>
Closing net book amount	<u>2,689</u>
At 31 December 2020	
Cost	7,880
Accumulated amortisation	<u>(5,191)</u>
Net book amount	<u>2,689</u>

	Computer software <i>RMB'000</i>
Year ended 31 December 2021	
Opening net book amount	2,689
Amortisation charge (<i>Note 7</i>)	<u>(1,698)</u>
Closing net book amount	<u><u>991</u></u>
At 31 December 2021	
Cost	7,880
Accumulated amortisation	<u>(6,889)</u>
Net book amount	<u><u>991</u></u>
Year ended 31 December 2022	
Opening net book amount	991
Amortisation charge (<i>Note 7</i>)	<u>(991)</u>
Closing net book amount	<u><u>—</u></u>
At 31 December 2022	
Cost	7,880
Accumulated amortisation	<u>(7,880)</u>
Net book amount	<u><u>—</u></u>

Amortisation charges were included in administrative expenses for the years ended 31 December 2020, 2021 and 2022.

16 LEASES

(a) Right-of-use assets

	Leased premises <i>RMB'000</i>
At 1 January 2020	
Cost	16,268
Accumulated depreciation	<u>(5,443)</u>
Net book amount	<u><u>10,825</u></u>
Year ended 31 December 2020	
Opening net book amount	10,825
Additions for the year	2,533
Depreciation charge (<i>Note 7</i>)	<u>(5,199)</u>
Closing net book amount	<u><u>8,159</u></u>
At 31 December 2020	
Cost	18,801
Accumulated depreciation	<u>(10,642)</u>
Net book amount	<u><u>8,159</u></u>

	Leased premises <i>RMB '000</i>
Year ended 31 December 2021	
Opening net book amount	8,159
Additions for the year	2,754
Depreciation charge (<i>Note 7</i>)	<u>(5,301)</u>
Closing net book amount	<u>5,612</u>
At 31 December 2021	
Cost	21,555
Accumulated depreciation	<u>(15,943)</u>
Net book amount	<u>5,612</u>
Year ended 31 December 2022	
Opening net book amount	5,612
Additions for the year	3,143
Disposals for the year	(1,662)
Depreciation charge (<i>Note 7</i>)	<u>(4,584)</u>
Closing net book amount	<u>2,509</u>
At 31 December 2022	
Cost	19,264
Accumulated depreciation	<u>(16,755)</u>
Net book amount	<u>2,509</u>

The right-of-use assets represent the Group's rights to use underlying offices under lease arrangements over the lease terms from 2 to 4 years. They are stated at cost less accumulated depreciation.

No contract terms specifically arranged for variable payment, residual value guarantees, extension and termination options were embedded in the lease arrangement.

Depreciation charges were included in administrative expenses for the years ended 31 December 2020, 2021 and 2022.

(b) Lease liabilities

	As at 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Lease liabilities	8,626	5,911	2,374
Less: Non-current	<u>(3,570)</u>	<u>(2,133)</u>	<u>(55)</u>
Current portion	<u>5,056</u>	<u>3,778</u>	<u>2,319</u>
	Year ended 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Interest expenses on lease liabilities for the year (<i>Note 10</i>)	523	373	265
Expenses relating to short-term leases (included in administrative expenses)	<u>1,442</u>	<u>1,145</u>	<u>1,982</u>

The total cash outflows for leases including payments of short-term leases, principal and interest payments of lease liabilities for the years ended 31 December 2020, 2021 and 2022 were approximately RMB7,114,000, RMB6,102,000 and RMB7,375,000, respectively.

17 INVESTMENTS IN ASSOCIATES

	31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at 1 January	4,733	4,564	4,675
Share of (losses)/profit of associates — net	(169)	111	(200)
As at 31 December	<u>4,564</u>	<u>4,675</u>	<u>4,475</u>

The details of the associates of the Group are as follows:

Name	Nature of business	Place of operations	% of ownership interest		
			As at 31 December		
			2020	2021	2022
Beijing Aikaka Information Technology Ltd. (“Beijing Aikaka”)	Digital marketing system development	The PRC	19%	19%	19%
Guangzhou Cema Information Technology Consulting Co., Ltd. (“Guangzhou Cema”)	Digital marketing system development	The PRC	15%	15%	15%

Through the agreements, the Group is respectively guaranteed one out of three seats on the board of Beijing Aikaka and one out of three seats on the board of Guangzhou Cema to participate in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over Beijing Aikaka and Guangzhou Cema, even though it only holds 19% and 15% of the voting rights respectively. Both of the associates are accounted for using the equity method.

As at 31 December 2020, 2021 and 2022, no material commitments and contingent liabilities were imposed in the associates and there is no unrecognised share of losses for the Group.

Management has assessed the associates’ future operating strategy, investment plan and financing arrangement by performing financial forecast. No impairment was made during the years ended 31 December 2020, 2021 and 2022 as the forecasted recoverable amount of associates is estimated to exceed the carrying amount as at 31 December 2020, 2021 and 2022.

18 DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	As at 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
To be realised after more than 12 months	2,016	1,204	710
To be realised within 12 months	711	892	(34)
Deferred income tax assets	<u>2,727</u>	<u>2,096</u>	<u>676</u>

The movements in deferred income tax assets and liabilities for the years ended 31 December 2020, 2021 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets				Sub-Total	Deferred income tax liabilities	Deferred income tax assets — net
	Tax losses	Bad debts	Lease liabilities	Impairment of inventories		Right-of-use assets	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	425	1,058	2,777	599	4,859	(2,706)	2,153
Credit/(charged) to the consolidated statements of comprehensive income	1,178	(51)	(621)	(599)	(93)	667	574
At 31 December 2020 and 1 January 2021	<u>1,603</u>	<u>1,007</u>	<u>2,156</u>	<u>—</u>	<u>4,766</u>	<u>(2,039)</u>	<u>2,727</u>
(Charged)/credit to the consolidated statements of comprehensive income	(711)	123	(680)	—	(1,268)	637	(631)
At 31 December 2021 and 1 January 2022	<u>892</u>	<u>1,130</u>	<u>1,476</u>	<u>—</u>	<u>3,498</u>	<u>(1,402)</u>	<u>2,096</u>
(Charged)/credit to the consolidated statements of comprehensive income	(892)	(420)	(884)	—	(2,196)	776	(1,420)
At 31 December 2022	<u>—</u>	<u>710</u>	<u>592</u>	<u>—</u>	<u>1,302</u>	<u>(626)</u>	<u>676</u>

As at 31 December 2022, the Group had unrecognised deferred income tax liabilities of RMB25,819,000 that would otherwise be payable as withholding income tax in respect of the undistributed profits of a PRC subsidiary. Unremitted earnings in this respect amounted to approximately RMB258,194,000 as at 31 December 2022. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and the directors have confirmed that such earnings will not be distributed out of the PRC in the foreseeable future. No such unrecognised deferred income tax liabilities as at 31 December 2020 and 2021 as the PRC Operating Companies was held by PRC shareholders before the Reorganisation.

19 FINANCIAL INSTRUMENTS BY CATEGORIES

	As at 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Assets as per consolidated statements of financial position			
Financial assets subsequently measured at amortised cost			
— Trade receivables	112,784	127,840	105,606
— Deposits and other receivables (excluding prepayments) (Note 20)	15,454	12,966	12,949
— Cash and cash equivalents (Note 23)	9,110	20,317	62,704
Financial assets at FVPL			
— Debt investments: short-term treasury investments (Note 22)	9,180	4,000	—
Financial assets at FVOCI			
— Trade receivables	210,568	265,201	239,296
Total	357,096	430,324	420,555
Liabilities as per consolidated statements of financial position			
Financial liabilities subsequently measured at amortised cost			
— Trade payables (Note 25)	45,596	45,739	52,066
— Other payables excluding non-financial liabilities	65,414	59,267	54,540
— Borrowings (Note 26)	31,000	54,800	61,273
— Lease liabilities (Note 16)	8,626	5,911	2,374
— Amounts due to related parties (Note 28)	17	—	1,447
Total	150,653	165,717	171,700

20 TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	As at 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Trade receivables	326,260	396,647	346,088
Less: allowance for impairment of trade receivables (Note 3.1(b)(iii))	(2,908)	(3,606)	(1,186)
Trade receivables — net	323,352	393,041	344,902

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
1–60 days	218,202	236,000	172,636
61–120 days	87,376	101,344	135,145
121–180 days	16,087	45,801	31,732
Over 180 days	4,595	13,502	6,575
	<u>326,260</u>	<u>396,647</u>	<u>346,088</u>

The ageing of trade receivables is mainly within 180 days after invoicing depending on the nature of services. The Group's trade receivables are denominated in RMB and initially recognised at transaction price on gross amount.

(b) Deposits, other receivables and prepayments

The Group

	As at 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Value-added tax receivables from customers	13,007	11,045	11,026
Deposits — third parties	1,857	1,800	1,943
Other receivables — staff	670	222	121
Others	46	5	—
	<u>15,580</u>	<u>13,072</u>	<u>13,090</u>
Less: allowance for impairment of other receivables	<u>(126)</u>	<u>(106)</u>	<u>(141)</u>
Other receivables — net	<u>15,454</u>	<u>12,966</u>	<u>12,949</u>
Prepayments for listing expenses	—	1,877	5,847
Prepayments to suppliers	133	103	976
	<u>133</u>	<u>1,980</u>	<u>6,823</u>

The Group's deposits, other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade receivables, deposits and other receivables approximate to their fair values. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of trade receivables, deposits and other receivables mentioned above.

The Company

	As at 31 December	
	2021	2022
	RMB '000	RMB '000
Prepayments for listing expenses	<u>1,789</u>	<u>5,407</u>

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities.

	As at 31 December			
	As at			
	1 January	2020	2021	2022
	RMB '000	RMB '000	RMB '000	RMB '000
Customised marketing solution	106,865	96,541	62,059	123,054
Tasks and marketers matching service	4,988	6,837	4,396	14,451
Marketers assignment service	139,526	112,009	112,137	52,439
SaaS+ subscription	—	1,394	5,496	2,247
	<u>251,379</u>	<u>216,781</u>	<u>184,088</u>	<u>192,191</u>
Contract assets — gross carrying amount				
Less: allowance for impairment of contract assets (Note 3.1(b)(iii))	<u>(878)</u>	<u>(1,047)</u>	<u>(832)</u>	<u>(1,567)</u>
Contract assets — net	<u>250,501</u>	<u>215,734</u>	<u>183,256</u>	<u>190,624</u>
Contract liabilities				
Marketers assignment service	<u>5,019</u>	<u>3,624</u>	<u>3,297</u>	<u>6,858</u>

- (a) The Group's contract assets are denominated in RMB and initially recognised at transaction price on gross amount.
- (b) The Group expects that contract assets have the same risk characteristics as trade receivables. The impairment of contract assets is disclosed in Note 3.1(b)(iii).
- (c) Movement for the gross carrying amount of contract assets during the years ended 31 December 2020, 2021 and 2022 are as follows:

(i) Customised marketing solution

	31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
As at 1 January	106,865	96,541	62,059
Contract assets recognised	305,888	272,724	459,623
Transferred to trade receivables	<u>(316,212)</u>	<u>(307,206)</u>	<u>(398,628)</u>
As at 31 December	<u>96,541</u>	<u>62,059</u>	<u>123,054</u>

(ii) Tasks and marketers matching service

	31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
As at 1 January	4,988	6,837	4,396
Contract assets recognised	32,127	59,238	82,062
Transferred to trade receivables	<u>(30,278)</u>	<u>(61,679)</u>	<u>(72,007)</u>
As at 31 December	<u>6,837</u>	<u>4,396</u>	<u>14,451</u>

(iii) Marketers assignment service

	31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
As at 1 January	139,526	112,009	112,137
Contract assets recognised	1,059,106	1,128,950	763,128
Transferred to trade receivables	<u>(1,086,623)</u>	<u>(1,128,822)</u>	<u>(822,826)</u>
As at 31 December	<u>112,009</u>	<u>112,137</u>	<u>52,439</u>

(iv) SaaS+ subscription

	31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
As at 1 January	—	1,394	5,496
Contract assets recognised	1,973	14,915	27,712
Transferred to trade receivables	<u>(579)</u>	<u>(10,813)</u>	<u>(30,961)</u>
As at 31 December	<u>1,394</u>	<u>5,496</u>	<u>2,247</u>

22 FINANCIAL ASSETS AT FVPL

	31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
As at 1 January	—	9,180	4,000
Additions	434,500	576,140	683,800
Fair value gains from FVPL	316	485	753
Redemption	<u>(425,636)</u>	<u>(581,805)</u>	<u>(688,553)</u>
As at 31 December	<u>9,180</u>	<u>4,000</u>	<u>—</u>
Classification:			
Debt investments : short-term treasury investments	<u>9,180</u>	<u>4,000</u>	<u>—</u>

23 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2020 RMB '000	2021 RMB '000	2022 RMB '000
Cash at bank and other financial institutions	9,096	20,292	62,683
Cash on hand	<u>14</u>	<u>25</u>	<u>21</u>
Cash and cash equivalents	<u>9,110</u>	<u>20,317</u>	<u>62,704</u>

Cash and cash equivalents were denominated in the following currencies:

	As at 31 December		
	2020 RMB '000	2021 RMB '000	2022 RMB '000
Denominated in RMB	9,110	20,317	62,539
Denominated in HK\$	<u>—</u>	<u>—</u>	<u>165</u>
Cash and cash equivalents	<u>9,110</u>	<u>20,317</u>	<u>62,704</u>

As at 31 December 2020, 2021 and 2022, the balances of cash and cash equivalents are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL AND RESERVES

(a) Share capital of the Company

	Number of ordinary shares	Equivalent nominal value of ordinary share RMB '000
Authorised:		
As at 30 September 2021 (date of incorporation) and 31 December 2021	50,000	324
Subdivision of shares (Note 1.2(h))	<u>4,950,000</u>	<u>—</u>
As at 31 December 2022	<u>5,000,000</u>	<u>324</u>
Issued:		
Upon incorporation	1	—*
Issue of shares (Note 1.2(a))	<u>19,999</u>	<u>130</u>
Balance at 31 December 2021	<u>20,000</u>	<u>130</u>
At 1 January 2022	20,000	130
Subdivision of shares (Note 1.2(h))	1,980,000	—
Issue of shares (Note 1.2(h))	<u>4,008</u>	<u>—*</u>
As at 31 December 2022	<u>2,004,008</u>	<u>130</u>

* Less than RMB1,000

(b) Other reserves of the Group

	Capital reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	142,275	17,003	159,278
Transfer to statutory reserves <i>(Note (i))</i>	<u>—</u>	<u>18,971</u>	<u>18,971</u>
At 31 December 2020 and 1 January 2021	142,275	35,974	178,249
Transfer to statutory reserves <i>(Note (i))</i>	—	3,028	3,028
Shareholding acquisition from non-controlling interests for a subsidiary	<u>323</u>	<u>—</u>	<u>323</u>
At 31 December 2021 and 1 January 2022	142,598	39,002	181,600
Capital injection from a new shareholder	3,510	—	3,510
Deemed distribution <i>(Note 1.2(g))</i>	(34,749)	—	(34,749)
Transfer to statutory reserves <i>(Note (i))</i>	<u>—</u>	<u>1,633</u>	<u>1,633</u>
At 31 December 2022	<u>111,359</u>	<u>40,635</u>	<u>151,994</u>

(i) Statutory reserve

In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective Statutory Surplus Reserve Funds and the Discretionary Reserve Funds before distributions are made to the owners. The percentage of appropriation to Statutory Surplus Reserve Fund is 10%. The amount to be transferred to the Discretionary Reserve Fund is determined by the equity owners of these companies. When the balance of the Statutory Surplus Reserve Fund reaches 50% of the registered capital, such transfer needs not to be made. Both the Statutory Surplus Reserve Fund and Discretionary Reserve Fund can be capitalised as capital of an enterprise, provided that the remaining Statutory Surplus Reserve Fund shall not be less than 25% of the registered paid in capital.

Also, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their Respective Reserve Fund. The percentage of net profit to be appropriated to the Reserve Fund is not less than 10% of the net profit. When the balance of the Reserve Fund reaches 50% of the registered capital, such transfer needs not be made. With approvals obtained from respective boards of directors of these companies, the Reserve Fund can be used to offset accumulated deficit or to increase capital.

(ii) RSU scheme

The Company adopted a Restricted Share Unit Scheme on 13 January 2022 (the "RSU Scheme"). On 18 January 2022, Mr. Sun, through a series of transactions, indirectly transferred the entire issued share capital of Robert Sun Holdings, which held 200 shares of the Company (the "Underlying Shares"), to Kastle Limited (as the trustee), for the execution of the RSU Scheme without consideration. The Underlying Shares were subsequently subdivided into 20,000 shares of par value of USD0.01 each (Note 1.2(h)), representing approximately 1% of total issued shares of the Company as at 31 December 2022.

Pursuant to the RSU Scheme, the Underlying Shares were within the Company's control until the shares are vested unconditionally to the participants and hence were considered as treasury shares of the Company in substance. Up to 31 December 2022, no RSU has been granted by the Company under the RSU Scheme.

(c) Reserves movement of the Company

The reserves movement of the Company is as follows:

	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance as at 30 September 2021 (date of incorporation)	—	—	—
Loss for the period	—	(5,121)	(5,121)
Balance at 31 December 2021	<u>—</u>	<u>(5,121)</u>	<u>(5,121)</u>
Loss for the year	—	(17,185)	(17,185)
Reorganisation of the Group (Note 1.2(h))	298,782	—	298,782
Balance at 31 December 2022	<u>298,782</u>	<u>(22,306)</u>	<u>276,476</u>

25 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2020 RMB'000	2021 RMB'000	2022 RMB'000
Trade payables	45,596	45,739	52,066
Other payables:			
— Accrued staff costs	95,113	95,040	79,977
— Refund on pension return to customers (Note (a))	58,866	52,305	48,015
— Other tax payables	55,156	34,150	16,449
— Payable for listing expenses	—	2,799	4,098
— Accrual expenses	1,478	2,019	922
— Reimbursement and refund payables	3,642	1,425	712
— Payables for acquisition of intangible assets	396	—	—
— Others	1,032	719	793
	<u>215,683</u>	<u>188,457</u>	<u>150,966</u>
	<u>261,279</u>	<u>234,196</u>	<u>203,032</u>

The trade and other payables are denominated in RMB and the carrying amounts approximate their fair values.

The ageing analysis of the trade payables by invoice date is as follows:

	As at 31 December		
	2020 RMB'000	2021 RMB'000	2022 RMB'000
Up to 90 days	<u>45,596</u>	<u>45,739</u>	<u>52,066</u>

- (a) Due to the impact of COVID-19, the Group was reduced from social security payments by the government for a certain period during the year ended 2020. The total payment, received from customers related to marketers assignment service for settling the social insurance obligation but subsequently reduced by the government, was approximately RMB70,788,000. The Group had negotiated with customers for returning above payment and the refundable balances were amounted to approximately RMB58,866,000, RMB52,305,000 and RMB48,015,000 as at 31 December 2020 and 2021 and 2022 respectively.

The Company

	As at 31 December	
	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>
Other payables:		
— Payable for listing expenses	2,432	3,915

26 BORROWINGS

	As at 31 December		
	2020	2021	2022
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Current, secured			
— Bank borrowings	31,000	54,800	61,273

- (a) The carrying amounts of the bank borrowings, which are all due within one year, approximate their fair values. The bank borrowings are denominated in RMB and the weighted average interest rates were 4.92%, 4.70% and 4.18% per annum as at 31 December 2020, 2021 and 2022, respectively.
- (b) As at 31 December 2020 and 2021, borrowings were secured and guaranteed by:
- (i) Personal guarantees provided by Mr. Sun and Mrs. Sun;
 - (ii) Properties held by Mr. Sun and Mrs. Sun;
 - (iii) Corporate guarantees provided by certain subsidiaries of the Company;
 - (iv) Guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises.
- As at 31 December 2022, borrowings were guaranteed by:
- (i) Corporate guarantees provided by certain subsidiaries of the Company;
 - (ii) Guarantee provided by a governmental guarantor specially set for small and medium-sized enterprises.
- (c) The Group has complied with the financial covenants of its borrowing for the years ended 31 December 2020, 2021 and 2022.

27 NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities			
Profit before income tax	73,435	81,453	76,598
Adjustments for:			
Finance income (Note 10)	(61)	(136)	(162)
Finance costs (Note 10)	4,554	4,916	3,073
Fair value gains from FVPL (Note 6)	(316)	(485)	(753)
Interest income from related parties (Note 28)	(2,857)	—	—
Loss/(gain) on disposal of assets (Note 6)	—	9	(253)
Amortisation and depreciation (Note 7)	7,461	7,402	6,004
Shares of losses/(profit) from associates — net (Note 17)	169	(111)	200
Impairment losses of inventories (Note 7)	1,755	—	—
(Reversal of impairment losses)/impairment losses on trade receivables, contract assets and other receivables	(257)	463	553
	<u>83,883</u>	<u>93,511</u>	<u>85,260</u>
Changes in working capital:			
(Increase)/decrease in trade receivables	(99,488)	(72,529)	47,641
Decrease/(increase) in deposits, other receivables and prepayments	4,554	2,325	(1,521)
Decrease/(increase) in contract assets	34,598	32,693	(8,103)
Increase in inventories	(1,329)	—	—
Decrease in contract costs	1,389	1,680	232
Increase/(decrease) in trade and other payables	37,087	(513)	(31,164)
Increase/(decrease) in amounts due to related parties	17	(17)	—
(Decrease)/increase in contract liabilities	(1,395)	(327)	3,561
	<u>(1,395)</u>	<u>(327)</u>	<u>3,561</u>
Net cash generated from operations	<u><u>59,316</u></u>	<u><u>56,823</u></u>	<u><u>95,906</u></u>

(b) Financial liabilities reconciliation

The following table provides a reconciliation for the movement of liabilities arising from financing activities for the years ended 31 December 2020, 2021 and 2022.

	Liabilities from financing activities					Other assets			Total
	Borrowings	Lease liabilities	Amounts due to related parties	Payable to shareholders	Dividend and withholding tax payables	Sub-total	Cash and cash equivalents	Financial assets at FVPL	
As at 1 January 2020	(26,866)	(11,107)	—	29	—	(37,944)	19,220	—	(18,724)
Cash flows:									
— Proceeds from bank borrowings	(54,000)	—	—	—	—	(54,000)	—	—	(54,000)
— Repayment of bank borrowings	49,866	—	—	—	—	49,866	—	—	49,866
— Declaration of dividend	—	—	—	—	138,826	138,826	—	—	138,826
— Subscription of financial assets	—	—	—	—	—	—	—	434,500	434,500
— Redemption of financial assets	—	—	—	—	—	—	—	(425,636)	(425,636)
— Interest paid for borrowings	1,131	—	—	—	—	1,131	—	—	1,131
— Other cash flow	—	5,537	—	(29)	—	5,508	(10,110)	—	(4,602)
Non-cash movement:									
— Research and computer expense	—	—	(17)	—	—	(17)	—	—	(17)
— Additions of right-of-use assets	—	(2,533)	—	—	—	(2,533)	—	—	(2,533)
— Interest expenses	(1,131)	(523)	—	—	—	(1,654)	—	—	(1,654)
— Fair value gains from FVPL	—	—	—	—	—	—	—	316	316
— Declaration of dividend	—	—	—	—	(165,000)	(165,000)	—	—	(165,000)
As at 31 December 2020	(31,000)	(8,626)	(17)	—	(26,174)	(65,817)	9,110	9,180	(47,527)
	Liabilities from financing activities					Other assets			
	Borrowings	Lease liabilities	Amounts due to related parties	Payable to shareholders	Dividend and withholding tax payables	Sub-total	Cash and cash equivalents	Financial assets at FVPL	
									RMB'000
As at 1 January 2021	(31,000)	(8,626)	(17)	(26,174)	(65,817)	(65,817)	9,110	9,180	(47,527)
Cash flows									
— Proceeds from bank borrowings	(74,600)	—	—	—	—	(74,600)	—	—	(74,600)
— Repayment of bank borrowings	50,800	—	—	—	—	50,800	—	—	50,800
— Payment of withholding income tax	—	—	—	—	26,174	26,174	—	—	26,174
— Subscription of financial assets	—	—	—	—	—	—	—	576,140	576,140
— Redemption of financial assets	—	—	—	—	—	—	—	(581,805)	(581,805)
— Interest paid for borrowings	2,401	—	—	—	—	2,401	—	—	2,401
— Other cash flow	—	5,842	17	—	—	5,859	11,207	—	17,066
Non-cash movement:									
— Additions of right-of-use assets	—	(2,754)	—	—	—	(2,754)	—	—	(2,754)
— Interest expenses	(2,401)	(373)	—	—	—	(2,774)	—	—	(2,774)
— Fair value gains from FVPL	—	—	—	—	—	—	—	485	485
As at 31 December 2021	(54,800)	(5,911)	—	—	(60,711)	(60,711)	20,317	4,000	(36,394)

	Liabilities from financing activities				Other assets			Total RMB '000
	Borrowings RMB '000	Lease liabilities RMB '000	Amounts due to		Sub-total RMB '000	Cash and cash equivalents RMB '000	Financial assets at FVPL RMB '000	
related parties RMB '000			Payable to shareholders RMB '000					
As at 1 January 2022	(54,800)	(5,911)	—	—	(60,711)	20,317	4,000	(36,394)
Cash flows								
— Proceeds from bank borrowings	(61,273)	—	—	—	(61,273)	—	—	(61,273)
— Repayment of bank borrowings	54,800	—	—	—	54,800	—	—	54,800
— Deemed distribution to shareholders	—	—	27,980	6,769	34,749	—	—	34,749
— Advance from a shareholder of the Company	—	—	(1,447)	—	(1,447)	—	—	(1,447)
— Subscription of financial assets	—	—	—	—	—	—	683,800	683,800
— Redemption of financial assets	—	—	—	—	—	—	(688,553)	(688,553)
— Interest paid for borrowings	2,093	—	—	—	2,093	—	—	2,093
— Other cash flow	—	4,991	—	—	4,991	42,387	—	47,378
Non-cash movement:								
— Additions of right-of-use assets	—	(3,143)	—	—	(3,143)	—	—	(3,143)
— Termination of leases	—	1,954	—	—	1,954	—	—	1,954
— Interest expenses	(2,093)	(265)	—	—	(2,358)	—	—	(2,358)
— Fair value gains from FVPL	—	—	—	—	—	—	753	753
— Deemed distribution to shareholders (Note 1.2(g))	—	—	(27,980)	(6,769)	(34,749)	—	—	(34,749)
As at 31 December 2022	(61,273)	(2,374)	(1,447)	—	(65,094)	62,704	—	(2,390)

(c) Non-cash transactions

The cost of leased properties of approximately RMB2,533,000, RMB2,754,000, and RMB3,143,000 (Note 16) were capitalised as the right-of-use assets during the years ended 31 December 2020, 2021 and 2022 respectively.

28 RELATED PARTY TRANSACTIONS

The following is a summary of the transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2020, 2021 and 2022, and balances arising from related party transactions as at 31 December 2020, 2021 and 2022.

(a) Names and relationships with related parties

The following companies and individuals are related parties of the Group that had balances and/or transactions with the Group during the years ended 31 December 2020, 2021 and 2022.

Name of related parties	Relationship with the Group
Mr. Sun	Director and controlling shareholder
Mrs. Sun	Spouse of Mr. Sun
Guangzhou Cema	Associate of the Company
Ningbo Kuwei	Shareholder of Plus (Shanghai) now comprising the Group
Shanghai Puwei	Shareholder of Plus (Shanghai) now comprising the Group

(b) Transactions with related parties

The Group had the following transactions with related parties for the years ended 31 December 2020, 2021 and 2022.

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Interest income received from			
— Mr. Sun	2,857	—	—
Deemed distribution to shareholders <i>(Note 1.2(g))</i>			
— Mr. Sun	—	—	22,407
— Ningbo Kuwei	—	—	3,880
— Shanghai Puwei	—	—	1,693
	—	—	27,980

	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Research and technical service fees — Guangzhou Cema	(413)	(441)	—

Note: These transactions were conducted in the normal course of business at prices and terms mutually agreed among the parties.

(c) Balances with related parties

Particulars of balances with related parties are as follows:

	As at 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Amounts due to related parties of the Group			
Mr. Sun <i>(Note (i))</i>	—	—	1,447
Guangzhou Cema <i>(Note (ii))</i>	17	—	—
	17	—	1,447

(i) As at 31 December 2022, amount due to Mr. Sun is non-trade nature, unsecured, interest-free, repayable on demand and approximate to its fair value. The non-trade amount due to Mr. Sun was waived as shareholder contribution on 31 March 2023.

(ii) As at 31 December 2020, amount due to Guangzhou Cema is trade nature, unsecured, interest-free, repayable based on demand and approximate to its fair value.

(iii) Balances with related parties of the Group are denominated in RMB.

- (iv) The maximum outstanding for the amounts due from a director of the Company for the years ended 31 December 2020, 2021 and 2022 were as follows:

	Year ended 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Mr. Sun	115,885	—	—
(d) Guarantees for bank borrowings			

The Group's bank borrowings were secured by personal guarantees given by related parties as below:

	As at 31 December		
	2020	2021	2022
	RMB '000	RMB '000	RMB '000
Guarantees			
— Mr. Sun and Mrs. Sun	31,000	54,800	—

The personal guarantees given by Mr. Sun and Mrs. Sun have been discharged in August 2022.

(e) Key management compensation

The directors consider the key management personnel to be the members of the Board of Directors of the Company who have responsibilities for planning, directing and controlling the activities of the Group. Their compensations are disclosed in Note 9(a).

29 SUBSEQUENT EVENTS

(a) Grant of RSUs

On 31 March 2023, the Company granted RSUs with an aggregate of 20,000 underlying shares of the Company, which have been adjusted to 1,000,000 underlying shares of the Company upon completion of the share subdivision (note 29(b)).

(b) Share subdivision

On 4 April 2023, each issued and unissued shares of par value of US\$0.01 of the Company was subdivided into 50 shares of par value of US\$0.0002 each and, following the subdivision, the authorised share capital of the Company became US\$50,000 divided into 250,000,000 shares at a par value of US\$0.0002 and the issued share capital shall be US\$20,040.08 divided into 100,200,400 shares of par value of US\$0.0002 each.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2022.

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I in this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the "Unaudited Pro Forma Financial Information") which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 as if the Global Offering had taken place on 31 December 2022, assuming the Over-allotment Option is not exercised.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes below.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at 31 December 2022 or at any future dates following the Global Offering.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
	<i>Note 1</i>	<i>Note 2</i>		<i>Note 3</i>	<i>Note 4</i>
Based on an Offer Price of HK\$10.6 per Offer Share	346,494	212,545	559,039	4.50	5.12
Based on an Offer Price of HK\$11.8 per Offer Share	346,494	238,098	584,592	4.71	5.36

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2022 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 of approximately RMB346,494,000.
2. The estimated net proceeds from the Global Offering are based on 25,000,000 Offer Shares and the indicative Offer Prices of HK\$10.6 per Offer Share and HK\$11.8 per Offer Share, being the low end and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB26,223,000 which have been accounted for in the consolidated statement of comprehensive income of the Group up to 31 December 2022), without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares which may be allotted and issued or repurchased by the Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 124,200,400 Shares were in issue assuming the Share Subdivision and Global Offering had taken place on 31 December 2022, excluding the 1,000,000 Shares (after Share Subdivision) under the RSU Scheme that were accounted for as treasury shares, and without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares which may be allotted and issued or repurchased by the Company under the general mandate for the allotment and issuance of Shares or the general mandate for repurchase of Shares.
4. For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the translation of Renminbi into Hong Kong dollars, and vice versa, was made at the rate of RMB0.8782 to HK\$1. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Plus Group Holdings Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Plus Group Holdings Inc. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 28 April 2023, in connection with the proposed initial public offering of the shares of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 December 2022 as if the proposed initial public offering had taken place at 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 December 2022, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited 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 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

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 behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, issued by the HKICPA and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong SAR, China
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Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited 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 Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or 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 proposed initial public offering at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong

28 April 2023

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 4 April 2023 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 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 4 April 2023 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 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 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 is he to 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 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 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 (a) 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 the right to speak; (b) on a show of hands every member present in any such manner shall have one vote; and (c) on a poll every member present in such manner shall have one vote for every share of which he is the holder.

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, 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, to be held 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. The 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 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.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

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 10 business days' notice (or on 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 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 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 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 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 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 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, given 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 Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the 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 30 September 2021 under the 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 Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The 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 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 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 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 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 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 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.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

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 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 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 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 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 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 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 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 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 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 on 30 September 2021 in the Cayman Islands under the Companies Act as an exempted company with limited liability. Accordingly, our operation and corporate structure are subject to the relevant laws and regulations of the Cayman Islands, the Articles and the Memorandum. A summary of our Articles and Memorandum is set out in Appendix III to this prospectus. Our registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Our principal place of business in PRC and headquarters is at 2F–3F, Building 6, No. 652 Changshou Road, Putuo District, Shanghai, China. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 30 November 2021 and our registered principal place of business in Hong Kong is at Suite 4503, 45/F, Far East Financial Centre, 16 Harcourt Road, Admiralty, Hong Kong. Mr. Chow Kit Ting (周傑霆), a Hong Kong resident whose correspondence address is Flat F, 46/F, Block 8 Royal Ascot, Sha Tin, N.T., Hong Kong, has been appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong. The address for service of process and notices in Hong Kong is at Suite 4503, 45/F, Far East Financial Centre, 16 Harcourt Road, Admiralty, Hong Kong.

2. Changes in share capital of Our Company

As at the date of incorporation, our Company had an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with a nominal or par value of US\$1 each.

The following sets out the changes in the share capital of our Company took place since its incorporation:

- (a) On 30 September 2021, the date of incorporation, our Company allotted and issued ordinary shares with par value of US\$1 each in the following manner:
 - (i) one ordinary share to Sertus Nominees (Cayman) Limited, an Independent Third Party, which was subsequently transferred to Guangjun Sun Holdings at a consideration at par value on the same day;
 - (ii) 2,999 ordinary shares to Guangjun Sun Holdings;
 - (iii) 8,892 ordinary shares to Guangjun Holdings;
 - (iv) 1,800 ordinary shares to Robert Sun Holdings;
 - (v) 1,436 ordinary shares to Hannah Xia Holdings;
 - (vi) 998 ordinary shares to Sky Xia Holdings;
 - (vii) 1,720 ordinary shares to Kuwei Holdings;
 - (viii) 1,052 ordinary shares to Kuzhong Holdings;
 - (ix) 1,102 ordinary shares to Puzhong Holdings.

- (b) On 30 November 2021, Robert Sun Holdings transferred 1,000 ordinary shares with par value of USD1 each to Guangjun Holdings at the consideration of USD1,000.
- (c) On 11 January 2022, Robert Sun Holdings transferred 600 ordinary shares with par value of USD1 each to Guangjun Holdings at the consideration of USD600.
- (d) On 25 February 2022, each share of par value of USD1 was subdivided into 100 shares of par value of USD0.01 each, so that following the subdivision, the authorised share capital of the Company became USD50,000 divided into 5,000,000 shares of a nominal or par value of USD0.01 each.
- (e) On 1 March 2022, our Company allotted and issued 4,008 Shares of par value of USD0.01 each to Brand Wisdom.

For further details on the Reorganisation, see “History, Reorganisation and Corporate Structure — Reorganisation”.

For further details on our Company’s authorised and issued share capital, see “Share Capital”.

Save as disclosed above and in “— 4. Written Resolutions passed by the Shareholders on 4 April 2023”, there has been no other alteration in the share capital of our Company since its incorporation.

3. Our subsidiaries

Our subsidiaries are set out in the Accountant’s Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountant’s Report in Appendix I to this prospectus, our Company has no other subsidiaries as of the Latest Practicable Date.

The following sets out the changes in capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

- (i) On 30 December 2021, the registered capital of Plus Shanghai was increased from RMB61,555,075 to RMB62,176,843, which was contributed by New Mercury Investments;
- (ii) On 28 January 2022, the registered capital of Plus Shanghai was increased from RMB62,176,843 to RMB621,768,430, which was contributed by WFOE;
- (iii) On 16 November 2021, each of the then individual shareholders of Plus Beijing, namely Mr. Sun, Ms. Zhao Zhengyi (趙正弋), Mr. Liu Tao (劉韜), Ms. Zhao Lingyu (趙凌宇), Mr. Zheng Xiaodong (鄭曉東), Mr. Wang Pengcheng (汪鵬程), Ms. Liu Jing (柳靜), Ms. Zhang Wenhui (張文慧), Ms. Ye Lishan (葉麗珊), Mr. Xu Aiping (徐愛平), Ms. Yang Jie (楊潔), Mr. Huang Chi (黃馳), Mr. Wang Lie (王烈), Mr. Zhong Jiaming (鐘家明), Mr. Li Ming (李明), Mr. Zhang Qun (張群), Ms. Chen Li (陳力), Ms. Dong Qi (董琦), Mr. Wu Wei (吳偉), Mr. Hou Qin (侯勤), Ms. Shi Liping (施莉萍), Ms. Xu Ying (徐穎), Mr. Wu Bin (吳彬), Ms. Meng Hongliang (孟宏亮), Ms. Peng Jiabin (彭佳忻) and Mr. Fu Wenlian (富文煉) transferred their respective entire equity interest in Plus Beijing, being 99% of the registered capital of Plus Beijing in total, to Plus Shanghai at nil consideration, respectively; and

- (iv) On 16 November 2021, each of the then individual shareholders of Beijing Ruosheng, namely Mr. Xia, Mr. Xu Jiwu (徐繼武), Mr. Yang, Mr. Bai Fuli (白福利), Mr. Liu Yang (劉洋), Mr. Li Hong (李宏), Ms. Fang Lianyun (方蓮芸), Ms. Zhang Linlin (張琳琳), Ms. Chen Qunya (陳群亞), Ms. Wang Fang (王芳), Ms. Xia Min (夏敏), Mr. Yu Liangshi (鬱良士), Ms. Luo Lirong (駱俐蓉), Ms. Chen Yafen (陳雅芬), Mr. Xu Zhaogang (徐兆剛), Mr. Wang Yu (王宇), Ms. Weng Haiyan (翁海燕), Mr. Huang Lei (黃磊), Ms. Yan Jing (嚴憬), Mr. Ma Qing (馬卿), Mr. Huang Wei (黃偉), Ms. Zhu Jia (朱佳), Mr. Guo Qing (郭清), Mr. Cui Yanan (崔亞楠), Mr. Wei Hongkai (魏宏鏞), Ms. Xu Baiyan (徐白嫣), Ms. Shi Yun (施芸), Ms. He Yu (何珏), Ms. Fei Minwen (費旻雯), Mr. Cheng Hui (程輝), Ms. Miu Min (繆旻), Mr. Han Wei (韓偉), Ms. Guo Yan (郭燕) and Mr. Shen Jiliang (申繼亮) transferred their respective entire equity interest in Beijing Ruosheng, being 99% of the total registered capital of Beijing Ruosheng in total, to Plus Shanghai at nil consideration, respectively.

Saved as disclosed above and in “History, Reorganisation and Corporate Structure”, there has been no alteration in the capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions passed by the Shareholders on 4 April 2023

The following resolutions were passed by the Shareholders in writing on 4 April 2023, subject to the conditions of the Global Offering as set out in this prospectus having been fulfilled and the obligations of the Underwriter(s) under the Underwriting Agreements having become unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with their respective terms or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

- (a) our Company approved and adopted the Memorandum and Articles of Association, which will come into effect upon Listing;
- (b) the Share Subdivision, the Global Offering and the Over-allotment Option were approved, subject to such modifications as our Directors (or any committee established by the Board) may in their sole discretion determine, and our Directors or any committee established by the Board were authorised to do all such things as they consider necessary to give effect to the Listing, the Global Offering and the Over-allotment Option;
- (c) a general unconditional mandate was granted to our Directors to, *inter alia*, allot, issue and deal with Shares or securities convertible into Shares or options, warranties or similar rights to subscribe for Shares or such convertible securities and to make or grant general offers, agreements or options which might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) the exercise of any subscription rights, warrants which may be issued by our Company from time to time; (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; (c) a specific authority granted by the shareholders in general meeting, shall not exceed the aggregate of (i) 20% of the total number of the Shares in issue upon completion of the Global Offering (excluding any Shares to be issued upon the Over-allotment Option); and (ii) the total number of the Shares repurchased by

our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (d) below, such mandate to main effect during the period from the passing of the resolution until the earliest of the conclusion of our earliest annual general meeting, the expiration of the period within which we are required by any applicable law of the Cayman Islands or the Articles to hold our next annual general meeting or the date on which the authority given to the Directors is renewed, varied or revoked by an ordinary resolution of the shareholders at a general meeting of our Company (the “**Applicable Period**”);

- (d) a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors to exercise all the powers of our Company to repurchase Shares with a total number of not more than 10% of the aggregate number of the Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares to be issued upon the Over-Allotment Option), such mandate to remain effect during the Applicable Period; and
- (e) the general unconditional mandate mentioned in paragraph (c) above to be extended by the addition to the aggregate number of the Shares which may be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares purchased by our Company pursuant to the repurchase mandate referred to in paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate number of the Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares to be issued upon the Over-allotment Option).

5. Corporate Reorganisation

For details of the Reorganisation which was effected in preparation for the Global Offering, see “History, Reorganisation and Corporate Structure”.

6. Repurchase by our Company of our own securities

The following paragraphs contain, among others, information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

Subject to certain restrictions, the Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own securities on the Stock Exchange, the most important of which are summarised below.

(i) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of a specific approval of a specific transaction, or by way of a general mandate.

The Repurchase Mandate was granted to our Directors by our Shareholders pursuant to a written resolution of our Shareholders dated 4 April 2023 authorising them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or any other stock exchange on which the shares of our Company may be listed (and recognised by the SFC and the Stock Exchange for this purpose), with a total number not exceeding 10% of the number of Shares in issue immediately following the completion of the Global Offering and the Share Subdivision (excluding any Shares to be issued upon the Over-allotment Option) whereas such Repurchase Mandate is proposed to remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of our Company; (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or (c) the date of passing of an ordinary resolution by the Shareholders at a general meeting revoking, varying or renewing the authority given to our Directors.

(ii) Source of funds

Any repurchases of securities of the Company must be financed out of funds legally available for the purpose in accordance with the Listing Rules, the Memorandum and the Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not repurchase 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. As a matter of laws of the Cayman Islands, any purchases by our 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

Our Company may repurchase up to 10% of the aggregate number of Shares in issue immediately following completion of the Share Subdivision and the Global Offering. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the Company to issue securities, which were outstanding prior to such purchase), without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchases as the Stock Exchange may request. Our Company also shall not purchase our Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares will be cancelled and destroyed. Under the Cayman Companies Act, unless, prior to the purchase our Directors resolve to hold the shares purchased by our Company as treasury shares, our Company's repurchased Shares shall be treated as cancelled on repurchase and the amount of our Company's issued share capital shall be diminished by the aggregate nominal value of the repurchased Shares (although the authorised share capital of our Company will not be reduced as a result of the repurchase under the laws of the Cayman Islands).

(v) Suspension of repurchase

Our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of: (i) 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 our Company's results for any year, half-year, quarterly or any other interim period (whether or not required by the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its 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), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if our Company has breached the Listing Rules.

(vi) Procedural and reporting requirements

Repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares, reporting the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis on the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid. Our Directors' report shall contain reference to the purchases made during the year and our Directors' reasons for making such purchases.

(vii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person" which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate (as defined in the Listing Rules) of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) *Reasons for repurchase*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the 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 when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with the Memorandum, the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our Company's current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our Company's working capital and/or our Company's gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the 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 Repurchase Mandate, on the basis of 125,200,400 Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (assuming the Over-allotment Option is not exercised) could accordingly result in up to 12,520,040 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or the Articles of Association to hold our next annual general meeting; or
- (iii) when the authority given to our Directors is renewed, varied or revoked by any ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

None of our Directors, to the best of their knowledge and having made all reasonable enquiries, nor any of their close associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as the aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases of Shares pursuant to the Repurchase Mandate.

Any repurchase 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 granted other than in exceptional circumstances.

Our Company is prohibited from knowingly purchasing securities on the Stock Exchange from a core connected person and such person is prohibited from knowingly selling his/her/its securities to our Company. No core connected persons of our Company have notified us of intention to sell securities to our Company and such persons have undertaken not to sell any such securities to our Company, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or any member of our Group within two years preceding the date of this prospectus and are or may be material:

- (a) a capital increase agreement dated 8 December 2021 entered into among Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong, Ningbo Hanzhong, New Mercury Investments and Plus Shanghai, pursuant to which New Mercury Investments subscribed for the RMB621,768.43 registered capital of Plus Shanghai at a consideration of RMB3,510,000 equivalent foreign currency;
- (b) a supplemental agreement dated 8 December 2021 entered into among Mr. Sun, Mr. Xia, New Mercury Investments, the Company, PUN, Kai Cheung (潘啟祥) and Plus Shanghai, pursuant to which PUN, Kai Cheung (潘啟祥) and other entities controlled by him subscribed 0.2% of the shares of the Company at a consideration of 100% equity interest in New Mercury Investments;
- (c) an equity transfer agreement dated 25 December 2021 entered into between Bai Fuli (白福利) and Plus Shanghai, pursuant to which Bai Fuli (白福利) agreed to transfer 30% equity interest in Shanghai Chengzhi (corresponding to RMB1,500,000 registered capital of Shanghai Chengzhi) to Plus Shanghai at a consideration of RMB1,546,170;

- (d) a capital increase agreement dated 20 January 2022 entered into among Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong, Ningbo Hanzhong, New Mercury Investments, WFOE and Plus Shanghai, pursuant to which WFOE subscribed for RMB559,591,587 registered capital of Plus Shanghai at a consideration of RMB559,591,587;
- (e) an equity transfer agreement dated 9 February 2022 entered into among Mr. Sun, Ningbo Kuwei, Mr. Xia, Mingda Shengrui, Shanghai Puwei, Ningbo Kuzhong, Ningbo Hanzhong and WFOE, pursuant to which (i) Mr. Sun agreed to transfer 6.3837% equity interests (corresponding to registered capital of RMB39,691,806) in Plus Shanghai to WFOE at a consideration of RMB22,406,772; (ii) Ningbo Kuwei agreed to transfer 1.1054% equity interests (corresponding to registered capital of RMB6,873,204) in Plus Shanghai to WFOE at a consideration of RMB3,880,053; (iii) Mr. Xia agreed to transfer 0.9860% equity interests (corresponding to registered capital of RMB6,130,686) in Plus Shanghai to WFOE at a consideration of RMB3,460,888; (iv) Mingda Shengrui agreed to transfer 0.6967% equity interests (corresponding to registered capital of RMB4,332,000) in Plus Shanghai to WFOE at a consideration of RMB2,445,496; (v) Shanghai Puwei agreed to transfer 0.4825% equity interests (corresponding to registered capital of RMB3,000,000) in Plus Shanghai to WFOE at a consideration of RMB1,693,557; (vi) Ningbo Kuzhong agreed to transfer 0.1343% equity interests (corresponding to registered capital of RMB834,865) in Plus Shanghai to WFOE at a consideration of RMB471,297; and (vii) Ningbo Hanzhong agreed to transfer 0.1114% equity interests (corresponding to registered capital of RMB692,514) in Plus Shanghai to WFOE at a consideration of RMB390,937;
- (f) a share swap agreement dated 1 March 2022 entered into among the Company, Channel Power, Brand Wisdom and No.1 Mercury Holdings, pursuant to which Brand Wisdom agreed to sell, transfer and assign and Channel Power agreed to purchase one share of No.1 Mercury Holdings at the consideration of the Company allotting and issuing 4,008 shares of the Company to Brand Wisdom;
- (g) a deed of assignment dated 31 March 2023 entered into among Plus (HK), the Company and Mr. Sun, pursuant to which (i) Plus (HK) assigned the unsecured interest-free loan owed by Plus (HK) to Mr. Sun with an aggregate amount of HK\$1,700,000 to the Company; and (ii) Mr. Sun waived the debt with an aggregate amount of HK\$1,700,000 owed by the Company; and
- (h) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material or may be material to our business:

No.	Registration number	Trademark	Registered owner	Date of registration	Place of registration
1.	305810346		Plus (HK)	23 November 2021	42 Hong Kong
2.	305810355		Plus (HK)	23 November 2021	42 Hong Kong
3.	51119222		Plus Shanghai	21 December 2021	35, 42 PRC
4.	18492474	普乐师	Plus Shanghai	14 January 2017	42 PRC
5.	18492434	普乐师	Plus Shanghai	14 January 2017	35 PRC

(b) Patent

As of the Latest Practicable Date, we had applied for the following patent:

No.	Patent	Class	Registration number	Registered owner	Place of registration	Application date
1.	A digital evaluation system and method for shopping guides for field terminals (一種面向實地終端的導購數位化評估系統和方法)	Invention	CN202111114134.2	Retail Winner	PRC	23 September 2021

(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

No.	Domain name	Registered owner	Date of registration	Expiry date
1.	plus-digital.cn	Plus Shanghai	20 October 2016	20 October 2025
2.	plus-digital.com.cn	Plus Shanghai	20 October 2016	20 October 2025
3.	myfines.cn	Plus Shanghai	27 February 2017	27 February 2027
4.	plus-group.com.cn	Plus Shanghai	20 October 2016	20 October 2025
5.	plusgroup.com.cn	Plus Shanghai	8 March 2017	8 March 2025
6.	mecoolchina.com	Plus Shanghai	23 June 2005	23 June 2023
7.	plscn.com	Plus Shanghai	17 September 2015	17 September 2025
8.	plscn.com.cn	Plus Shanghai	17 September 2015	17 September 2025
9.	plscn.cn	Plus Shanghai	17 September 2015	17 September 2025
10.	plscn.net	Plus Shanghai	17 September 2015	17 September 2025
11.	plsits.com	Plus Shanghai	14 November 2016	14 November 2024
12.	plsits.cn	Plus Shanghai	14 November 2016	14 November 2024
13.	raisingmkt.com	Plus Shanghai	27 March 2017	27 March 2025
14.	risingmkt.com	Plus Shanghai	27 March 2017	27 March 2025
15.	nuoshengmkt.com	Plus Shanghai	27 March 2017	27 March 2025
16.	cz-datafactory.com	Plus Shanghai	20 June 2022	20 June 2025
17.	lshop1code.com	Plus Shanghai	21 June 2022	21 June 2023
18.	brand-key.cn	Plus Shanghai	21 June 2022	21 June 2023
19.	channel-station.com	Plus Shanghai	21 June 2022	21 June 2023

No.	Domain name	Registered owner	Date of registration	Expiry date
20.	luckyradar.com.cn	Plus Shanghai	21 June 2022	21 June 2023
21.	mi-job.cn	Plus Shanghai	21 June 2022	21 June 2023
22.	plusehr.com	Plus Shanghai	21 June 2022	21 June 2023
23.	plusferm.com	Plus Shanghai	21 June 2022	21 June 2023
24.	plussav.com	Plus Shanghai	21 June 2022	21 June 2023
25.	remotes.com.cn	Plus Shanghai	21 June 2022	21 June 2023
26.	site-dna.com	Plus Shanghai	21 June 2022	21 June 2023
27.	smartmv.com.cn	Plus Shanghai	21 June 2022	21 June 2023
28.	touch-kit.com	Plus Shanghai	21 June 2022	21 June 2023
29.	myfmes.com	Retail Winner	27 February 2017	27 February 2025
30.	myfmes.ltd	Retail Winner	26 January 2021	26 January 2025
31.	myfmes.store	Retail Winner	26 January 2021	27 January 2025
32.	fmes.ltd	Retail Winner	26 January 2021	26 January 2025
33.	fmes.store	Retail Winner	26 January 2021	27 January 2025
34.	shruosheng.com	Retail Winner	24 August 2021	24 August 2025
35.	mecoolchina.cn	Mecool Marketing	24 January 2008	24 January 2026
36.	mecoolchina.net	Mecool Marketing	1 December 2011	1 December 2023
37.	chengzhish.com	Shanghai Chengzhi	10 November 2020	10 November 2024
38.	sims-cn.com	Shanghai Harvest	29 January 2016	29 January 2025
39.	sims-china.cn	Shanghai Harvest	15 October 2012	15 October 2023
40.	sims-china.com.cn	Shanghai Harvest	15 October 2012	15 October 2023
41.	harvestchina.cn	Shanghai Harvest	31 December 2010	31 December 2023
42.	harvestchina.net	Shanghai Harvest	1 December 2011	1 December 2023
43.	harvest-china.cn	Shanghai Harvest	13 August 2009	13 August 2023
44.	winningidea.com.cn	Winning Marketing Solution	24 August 2010	24 August 2023
45.	winningidea.cn	Winning Marketing Solution	25 July 2008	25 July 2023
46.	wimkt.net	Winning Marketing Solution	1 December 2011	1 December 2023

(d) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be material or may be material to our business:

No.	Name of Copyright	Copyright owner	Registration number	Place of registration	Registration date
1.	Plus-Supervisory Management System (普樂師-督導管理系統1.0)	Plus Shanghai	2016SR329372	PRC	10 January 2016
2.	Retail Winner On-Site Management and Communication Platform-Mobile Phone Client Software V1.0 for IOS (若勝米咖實地管理溝通平台-IOS版手機客戶端軟件V1.0)	Retail Winner	2021SRA006721	PRC	18 May 2021

No.	Name of Copyright	Copyright owner	Registration number	Place of registration	Registration date
3.	Retail Winner On-Site Management and Communication Platform-WeChat Software V1.0 (若勝米咖實地管理溝通平台-微信端軟件V1.0)	Retail Winner	2021SRA006724	PRC	18 May 2021
4.	Retail Winner On-Site Management and Communication Platform-Enterprise WeChat Software V1.0 (若勝米咖實地管理溝通平台-企業微信端軟件V1.0)	Retail Winner	2021SRA006723	PRC	18 May 2021
5.	Retail Winner On-Site Management and Communication Platform-Mobile Phone Client Software V1.0 for Android (若勝米咖實地管理溝通平台-Android版手機客戶端軟件V1.0)	Retail Winner	2021SRA006722	PRC	18 May 2021
6.	Retail Winner On-Site Management and Communication Platform-PC Software (若勝米咖實地管理溝通平台-PC端軟件V1.0)	Retail Winner	2021SR1434350	PRC	18 May 2021
7.	Quan Tang Zheng Ba Enterprise Management Software V1.0 for Android (全糖爭霸企業管理軟件(安卓版)V1.0)	Retail Winner	2021SR1392369	PRC	23 November 2016
8.	Quan Tang Zheng Ba Enterprise Management Software V1.0 for IOS (全糖爭霸企業管理軟件(IOS版)V1.0)	Retail Winner	2021SR1392359	PRC	23 November 2016
9.	Promotion Management System for Brand Owners V1.0 (品牌方促銷管理系統V1.0)	Retail Winner	2021SR1392358	PRC	28 February 2017

No.	Name of Copyright	Copyright owner	Registration number	Place of registration	Registration date
10.	Cema Enterprise Marketing Management Software V3.0 for Android (策碼企業營銷管理安卓版軟件V3.0)	Retail Winner	2021SR1392361	PRC	22 September 2015
11.	Preferential Algorithm System Based on Complex Application Environment 1.0 (基於複雜應用環境的優惠算法系統1.0)	Retail Winner	2021SR1392368	PRC	30 September 2018
12.	Wincraft Red Packet Incentive System V1.0 (營銷爭霸紅包激勵系統V1.0)	Retail Winner	2021SR1392360	PRC	30 May 2019
13.	Sales Team KPI Assessment Management System V1.0 for Android (銷售團隊KPI考核管理系統安卓版V1.0)	Retail Winner	2021SR1392366	PRC	23 March 2018
14.	Reservation Rotation Algorithm System Based on Complex Application Environment 1.0 (基於複雜應用環境的預約輪牌算法系統1.0)	Retail Winner	2021SR1392367	PRC	30 September 2018
15.	Promoter Performance Management System V1.0 (促銷員績效管理系統V1.0)	Retail Winner	2021SR1392362	PRC	10 May 2017
16.	Cema Enterprise Promotion Management Software V1.0.4 (策碼企業促銷工作管理軟件V1.0.4)	Retail Winner	2021SR1392364	PRC	6 January 2016
17.	New Retail Membership Management System Based on Enterprise WeChat 1.0 (基於企業微信的新零售會員管理系統1.0)	Retail Winner	2021SR1392370	PRC	20 September 2018
18.	Promotion Manager MO Enterprise Management Software V1.0 (促銷管家MO企業管理軟件V1.0)	Retail Winner	2021SR1392363	PRC	23 November 2016

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19.	Sales Team KPI Assessment Management System Version V1.0 for IOS (銷售團隊KPI考核管理系統IOS版V1.0)	Retail Winner	2021SR1392365	PRC	31 October 2017
20.	Cema Enterprise Marketing Management Software V3.0 for IOS (策碼企業營銷管理IOS版軟件V3.0)	Retail Winner	2021SR1392353	PRC	22 September 2015
21.	Retail Winner Smart Shopping Guide Weekly Reporting System-Enterprise Wechat Software V1.0 (若勝米咖智慧導購週報推送系統-企業微信端軟件V1.0)	Retail Winner	2021SRA006294	PRC	18 February 2021
22.	Retail Winner Smart Shopping Guide Weekly Reporting System-Wechat Software V1.0 (若勝米咖智慧導購週報推送系統-微信端軟件V1.0)	Retail Winner	2021SRA006290	PRC	18 February 2021
23.	Retail Winner Smart Shopping Guide On-line Customer Service System V1.0 (若勝米咖智慧導購在線客服系統V1.0)	Retail Winner	2021SRA006295	PRC	18 February 2021
24.	Retail Winner Smart Shopping Guide Task Plaza-Wechat Software V1.0 (若勝米咖智慧導購任務廣場-微信端軟件V1.0)	Retail Winner	2021SRA006289	PRC	18 January 2021
25.	Retail Winner Smart Shopping Guide Task Plaza-PC Software V1.0 (若勝米咖智慧導購任務廣場-PC端軟件V1.0)	Retail Winner	2021SR1329297	PRC	18 January 2021
26.	Retail Winner Smart Visiting Plans Management System-Mobile Phone Client Software V1.0 for Android (若勝米咖智慧拜訪計劃管理系統-Android版手機客戶端軟件V1.0)	Retail Winner	2021SRA009570	PRC	18 September 2021

No.	Name of Copyright	Copyright owner	Registration number	Place of registration	Registration date
27.	Retail Winner Smart Visiting Plans Management System-PC Software V1.0 (若勝米咖智慧拜訪計劃管理系統-PC端軟件V1.0)	Retail Winner	2022SR0015267	PRC	18 September 2021
28.	Retail Winner Smart Shopping Guide Training and Assessment System-PC Software V1.0 (若勝米咖智慧導購培訓考核系統-PC端軟件V1.0)	Retail Winner	2022SR0015268	PRC	18 September 2021
29.	Retail Winner Smart New Customer Acquisition Management System-WeChat Software V1.0 (若勝米咖智能拉新管理系統-微信端軟件V1.0)	Retail Winner	2021SRA009571	PRC	18 September 2021
30.	Retail Winner Smart Visiting Plans Management System-Mobile Phone Client Software V1.0 for IOS (若勝米咖智慧拜訪計劃管理系統-IOS版手機客戶端軟件V1.0)	Retail Winner	2021SRA009572	PRC	18 September 2021
31.	Retail Winner Smart Shopping Guide Training and Assessment System-WeChat Software (若勝米咖智慧導購培訓考核系統-微信端軟件V1.0)	Retail Winner	2021SRA007549	PRC	18 June 2021
32.	Retail Winner On-site Task Management System-WeChat Software (若勝米咖實地任務管理系統-微信端軟件V1.0)	Retail Winner	2021SRA007490	PRC	18 June 2021
33.	Retail Winner On-site Task Management System-Mobile Phone Client Software for Android (若勝米咖實地任務管理系統-Android版手機客戶端軟件V1.0)	Retail Winner	2021SRA007492	PRC	18 June 2021
34.	Retail Winner On-site Task Management System-Mobile Phone Client Software for IOS (若勝米咖實地任務管理系統-IOS版手機客戶端軟件V1.0)	Retail Winner	2021SRA007491	PRC	18 June 2021

No.	Name of Copyright	Copyright owner	Registration number	Place of registration	Registration date
35.	Retail Winner On-site Task Management System-PC Software (若勝米咖實地任務管理系統-PC端軟件V1.0)	Retail Winner	2021SR1566769	PRC	18 June 2021
36.	Retail Winner FMES Platform Coordination Centre Software V1.0 (若勝米咖FMES平台協議中心軟件V1.0)	Retail Winner	2022SR1394188	PRC	8 March 2021
37.	Retail Winner Channel Station Purchase Platform-Distributor PC Software V1.0 (若勝米咖品銷通進貨平台-經銷商PC端軟件V1.0)	Retail Winner	2022SR1420862	PRC	23 April 2021
38.	Retail Winner Channel Station Purchase Platform-Headquarter PC Software V1.0 (若勝米咖品銷通進貨平台-總部PC端軟件V1.0)	Retail Winner	2022SR1420879	PRC	23 April 2021
39.	Retail Winner Channel Station Ordering Platform Management Terminal-Mini Programme Software V1.0 (若勝米咖品銷通訂貨平台管理端-小程序端軟件V1.0)	Retail Winner	2022SR1423447	PRC	4 June 2021
40.	Retail Winner Channel Station Purchase Platform-Enterprise WeChat Software V1.0 (若勝米咖品銷通進貨平台-企業微信端軟件V1.0)	Retail Winner	2022SR1423572	PRC	23 April 2021
41.	Retail Winner Channel Station Shop Owner Ordering Platform-Mini Programme Software V1.0 (若勝米咖品銷通店主訂貨平台-小程序端軟件V1.0)	Retail Winner	2022SR1516937	PRC	23 April 2021
42.	Retail Winner Tianlu Communication Platform-APP V1.0 for Android (若勝米咖天路溝通平台-APP端安卓版V1.0)	Retail Winner	2022SR1474740	PRC	23 April 2021
43.	Retail Winner Remotes-Project Management Software V1.0 (若勝米咖Remotes-項目管理軟件V1.0)	Retail Winner	2022SR1485660	PRC	23 April 2021

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44.	Retail Winner Remotes-Patrol Store Management Software V1.0 (若勝米咖Remotes-巡店管理軟件V1.0)	Retail Winner	2022SR1485809	PRC	23 April 2021
45.	Retail Winner MiJob Square-Marketer Task Management Platform Software V1.0 (若勝米咖米咖-觸點任務管理平台軟件V1.0)	Retail Winner	2022SR1485892	PRC	23 April 2021
46.	Retail Winner FCRM Software V1.0 (若勝米咖FCRM軟件V1.0)	Retail Winner	2022SR1485929	PRC	23 April 2021
47.	Retail Winner Remotes-APP-V1.0 for IOS (若勝米咖Remotes-APP-IOS版V1.0)	Retail Winner	2022SR1494202	PRC	23 April 2021
48.	Retail Winner Touchkit Operation Center Platform-Operation Weekly Reporting System V1.0 (若勝米咖觸點通經營中台-經營週報系統V1.0)	Retail Winner	2022SR1494205	PRC	23 April 2021
49.	Retail Winner Remotes — Implementing Report Analysis System Software V1.0 (若勝米咖Remotes-執行報表分析系統軟件V1.0)	Retail Winner	2022SR1494206	PRC	23 April 2021
50.	Retail Winner Touchkit Operation Center Platform — Operation Assistant V1.0 (若勝米咖觸點通經營中台-經營助手V1.0)	Retail Winner	2022SR1494263	PRC	23 April 2021
51.	Retail Winner SMV (Smart Visiting) — APP -Android Version V1.0 (若勝米咖SMV (智慧拜訪) -APP端-安卓版V1.0)	Retail Winner	2022SR1494265	PRC	23 April 2021
52.	Retail Winner — Distribution Marketing System V1.0 (若勝米咖-分銷市場系統V1.0)	Retail Winner	2022SR1501208	PRC	23 April 2021
53.	Retail Winner Touchkit Operation Center Platform — Project Execution Management Software V1.0 (若勝米咖觸點通經營中台-項目執行管理軟件V1.0)	Retail Winner	2022SR1501228	PRC	23 April 2021

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54.	Retail Winner One Shop One Code Management System V1.0 (若勝米咖一店一碼管理系統V1.0)	Retail Winner	2022SR1490566	PRC	23 April 2021
55.	Retail Winner Tianlu Communication Platform-Enterprise WeChat System V1.0 (若勝米咖天路溝通平台-企業微信端系統V1.0)	Retail Winner	2022SR1537898	PRC	23 April 2021
56.	Retail Winner FMES Platform Content Center Software V1.0 (若勝米咖FMES平台內容中心軟件V1.0)	Retail Winner	2022SR1485942	PRC	19 June 2022
57.	Retail Winner FMES Platform Master Certification Audit Center Software V1.0 (若勝米咖FMES平台主認證審核中心軟件V1.0)	Retail Winner	2022SR1485944	PRC	19 December 2021
58.	Retail Winner FMES Platform Master Data Center Software V1.0 (若勝米咖FMES平台主數據中心軟件V1.0)	Retail Winner	2022SR1485943	PRC	12 January 2022
59.	Retail Winner FMES Platform Material Center Software V1.0 (若勝米咖FMES平台素材中心軟件V1.0)	Retail Winner	2022SR1490228	PRC	19 June 2022
60.	Retail Winner- Site DNA-V1.0 for IOS (若勝米咖店力通-IOS版軟件V1.0)	Retail Winner	2023SR0252515	PRC	23 April 2021
61.	Retail Winner Lucky Radar Ticket Upload Activity Management Software V1.0 (若勝米咖聚什惠小票上傳活動管理軟件V1.0)	Retail Winner	2023SR0248385	PRC	23 April 2021
62.	Retail Winner MiJob Square-Task Plaza System V1.0 (若勝米咖米咖-任務廣場系統V1.0)	Retail Winner	2023SR0248402	PRC	23 April 2021

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63.	Retail Winner Star Authenticity Verification System V1.0 (若勝米咖五角星驗真系統 V1.0)	Retail Winner	2023SR0248452	PRC	23 April 2021
64.	Retail Winner Remotes App-V1.0 for Android (若勝米咖 Remotes App-安卓版系統V1.0)	Retail Winner	2023SR0284310	PRC	23 April 2021
65.	Retail Winner SMV (Smart Visiting) PC Software V1.0 (若勝米咖SMV PC版 (智慧拜訪)系統V1.0)	Retail Winner	2023SR0251938	PRC	23 April 2021
66.	Retail Winner SMV (Smart Visiting) V1.0 for IOS (若勝米咖SMV IOS版 (智慧拜訪)系統V1.0)	Retail Winner	2023SR0398206	PRC	23 April 2021
67.	Retail Winner Tianlu Communication Platform-WeChat System V1.0 (若勝米咖天路溝通平台-微信端系統V1.0)	Retail Winner	2023SR0284329	PRC	23 April 2021
68.	Retail Winner Tianlu Communication Platform-APP V1.0 for IOS (若勝米咖天路溝通平台-APP端IOS版系統V1.0)	Retail Winner	2023SR0284330	PRC	23 April 2021
69.	Retail Winner Tianlu Communication Platform- PC System V1.0 (若勝米咖天路溝通平台-PC系統V1.0)	Retail Winner	2023SR0273466	PRC	23 April 2021
70.	Winning All Day Distributor Customised Greetings Software V1.0 (贏迪全天候分銷員定制歡迎語軟件V1.0)	Winning Marketing Solution	2019SR0782196	PRC	30 November 2018
71.	Winning Partner Group Purchase Software V1.0 (贏迪結伴團購軟件V1.0)	Winning Marketing Solution	2019SR0781327	PRC	31 July 2018

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72.	Winning All Day Distributor Targeted Push Software V1.0 (贏迪全天候分銷員定向推送軟件V1.0)	Winning Marketing Solution	2019SR0781343	PRC	31 August 2018
73.	Winning Temporary Promotion Quick Stimulation Software V1.0 (贏迪短促快速激勵軟件V1.0)	Winning Marketing Solution	2019SR0778592	PRC	7 May 2018
74.	Winning Market Distribution Software V1.0 (贏迪市場分銷軟件V1.0)	Winning Marketing Solution	2019SR0778490	PRC	28 February 2019
75.	Winning Task Fission Software V1.0 (贏迪任務裂變軟件V1.0)	Winning Marketing Solution	2019SR0779560	PRC	30 November 2018
76.	Winning On-site Marketers Management Software V1.0 (贏迪實地銷售人員管理軟件V1.0)	Winning Marketing Solution	2019SR0778554	PRC	29 March 2018
77.	Mecool On-site Shopping Guide ID Authentication Software V1.0 (明酷實地導購身份驗證軟件V1.0)	Mecool Marketing	2019SR0783550	PRC	27 April 2017
78.	Mecool Intelligent Display Check Software V1.0 (明酷智能陳列核查軟件V1.0)	Mecool Marketing	2019SR0785919	PRC	29 March 2019
79.	Mecool Mobile Phone Business Intelligent (BI) Software V1.0 (明酷手機商業智能BI軟件V1.0)	Mecool Marketing	2019SR0785916	PRC	31 January 2019
80.	Mecool Project Execution Reporting Intelligent Push Software V1.0 (明酷項目執行報表智能推送軟件V1.0)	Mecool Marketing	2019SR0785965	PRC	31 August 2018
81.	Mecool Sales Reporting Software V1.0 (明酷銷售報表軟件V1.0)	Mecool Marketing	2019SR0785869	PRC	29 June 2018

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82.	Mecool On-Site Shopping Guide Management Software V1.0 (明酷實地導購人員管理軟件V1.0)	Mecool Marketing	2019SR0779429	PRC	31 January 2018
83.	Mecool On-Site Business Master Data Management Software V1.0 (明酷實地業務主數據管理軟件V1.0)	Mecool Marketing	2019SR0779421	PRC	22 March 2018
84.	Mecool On-Site Shopping Guide Training Management Software V1.0 (明酷實地導購培訓管理軟件V1.0)	Mecool Marketing	2019SR0779433	PRC	21 June 2018

Save as disclosed above, 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.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests and short positions of the Directors and the chief executive*

Immediately following completion of the Share Subdivision and the Global Offering (assuming that the Over-Allotment Option is not exercised), so far as our Directors are aware, the interests or short positions of our Directors and chief executive in our Shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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, pursuant to the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, in each case once our Shares are listed, will be as follows:

Name of Director	Capacity/ Nature of interest	Number of Shares/ underlying shares held ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. Sun Guangjun	Founder of a discretionary trust ⁽³⁾ Interest of controlled corporation ⁽⁴⁾	67,460,000	53.88%
Mr. Yang Hong	Beneficial interest ⁽⁵⁾	2,620,240	2.09%

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 125,200,400 Shares in issue immediately after the completion of the Share Subdivision and the Global Offering (assuming that the Over-allotment Option is not exercised).
- (3) As of the Latest Practicable Date and immediately upon the Global Offering, Guangjun Holdings is held as to 99% by Summit Plus, which is wholly-owned by Mr. Sun's Family Trust and as to 1% by Junshu Holdings, which in turn is wholly-owned by Mr. Sun, respectively. Mr. Sun's Family Trust was established by Mr. Sun as the settlor for the benefit of Mr. Sun and Junshu Holdings with Trident Trust as the trustee. Under the SFO, Mr. Sun is deemed to be interested in all the Shares held by Guangjun Holdings.
- (4) As of the Latest Practicable Date and immediately upon the Global Offering, Guangjun Sun Holdings is wholly owned by Junshu Holdings, which in turn is wholly-owned by Mr. Sun. Under the SFO, Mr. Sun is deemed to be interested in all the Shares held by Guangjun Sun Holdings.
- (5) As of the Latest Practicable Date and immediately upon the Global Offering, Mr. Yang is interested in 1,620,240 Shares which underlines his 18.84% equity interests in Kuwei Holdings. Mr. Yang is entitled to receive 1,000,000 Shares pursuant to the RSUs granted to him under the RSU Scheme, subject to vesting conditions. See paragraph headed “— D. Other Information — 1. RSU Scheme” in this section for details.

(b) Interests of the substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, our Directors are not aware of any other person, not being a Director or chief executive of our Company, who has or is taken or deemed to have an interest or short position in the Shares or the underlying shares which, once the Shares are listed, would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, 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 our Company.

2. Particulars of service contracts***(a) Executive Directors and Non-executive Directors***

Each of our executive Directors and non-executive Directors, namely Mr. Sun, Mr. Yang, Mr. Li and Mr. Zhong, has entered into a service agreement with our Company with an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other (subject always to re-election as and when required under the Memorandum and Articles of Association).

(b) Independent non-executive Directors

Our independent non-executive Directors, namely Mr. Ngan, Ms. Li and Mr. Lau has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our independent non-executive Directors is appointed with an initial term of three years commencing from Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any members of our Group (other than contracts expiring or determinate by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Director's remuneration

The aggregate remuneration (including salaries, discretionary bonuses, contributions to pension plan, housing benefits and other emoluments) received by our Directors were RMB1.2 million, RMB1.6 million and RMB1.7 million for the years ended 31 December 2020, 2021 and 2022, respectively.

Save as the disclosed in this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors for the three years ended 31 December 2022.

Pursuant to the existing arrangements that currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending 31 December 2023 is estimated to be RMB2.2 million in aggregate.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended 31 December 2022 by any member of our Group to any of our Directors.

4. Agent fees or commissions received

Save as disclosed in this prospectus, none of our Directors nor any of the parties listed in “— D. Other Information — 7. Qualification of experts” in this appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any capital of our Company or any member of our Group within the two years preceding the date of this prospectus.

5. Disclaimers

Save as disclosed in section headed “Directors and Senior Management”, “Relationship with Our Controlling Shareholders”, “Substantial Shareholder” and “— Further Information about Our Directors and Substantial Shareholders — 3. Director’s remuneration” in this appendix:

- (a) none of our Directors has any interest or short position in the shares, underlying shares and debentures of our Company or our associated incorporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong 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 SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;
- (b) so far as is known to our Directors, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interest 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;
- (c) none of our Directors nor any of the parties listed in “— D. Other Information — 7. Qualification of experts” in this appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the date of this prospectus, been acquired or disposed by or leased to our Company or any member of our Group, or are proposed to be acquired or disposed of by or leased to our Company or any member of our Group;
- (d) save in connection with the Underwriting Agreements, none of our Directors nor the parties listed in “— D. Other Information — 7. Qualification of experts” in this appendix 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;
- (e) we do not have any promoter for the purpose of the Listing and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this prospectus, or are proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus;
- (f) none of our Directors has been interested in the promotion of, or has any direct or indirect interest 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 our Group;

- (g) none of our Directors 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;
- (h) our Company has no outstanding convertible debt securities or debentures;
- (i) save in connection with the Underwriting Agreements, none of the parties listed in “— D. Other Information — 7. Qualification of experts” in this appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any member of our Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (j) none of our Directors or their close associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

D. OTHER INFORMATION

1. RSU Scheme

The following is a summary of the principal terms of the RSU Scheme approved and adopted on 13 January 2022 (“**RSU Adoption Date**”). The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any issue or grant of RSUs by our Company after the Listing.

(a) Purpose

The purpose of this Scheme is to incentivise employees, directors, officers, and consultants for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in the Company.

(b) RSUs

Each RSU represents one underlying Share, and represent a conditional right granted to any Selected Person under this Scheme to obtain Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion;

(c) Who may join

Persons eligible to receive RSUs under the RSU Scheme, who are employees, directors, officers or consultants of the Company or any member of our Group (the “**RSU Eligible Person**”). The Board may select any RSU Eligible Person for participation in the RSU Scheme as a selected person (the “**RSU Selected Person**”) at its discretion.

(d) Term of the RSU Scheme

Subject to the earlier termination as stated in paragraph (t) below, the RSU Scheme shall be valid and effective for a period of ten years, commencing on the RSU Adoption Date (the “**RSU Scheme Period**”), after which period no further RSUs will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and RSUs that are granted during the RSU Scheme Period may continue to be exercisable in accordance with their terms of issue.

(e) Grant and Acceptance

a. Making an offer

An offer to grant a RSU will be made to a RSU Selected Person by a letter, in such form as our Board may determine (the “**RSU Grant Letter**”). The RSU Grant Letter will specify the RSU Selected Person’s name, the manner of acceptance of the RSU, the last day for acceptance by the RSU Selected Person, the number of RSUs granted and the number of underlying Shares represented by the RSUs, the vesting criteria and conditions, the vesting schedule, the grant price and/or exercise price of the RSUs (where applicable) and such other terms and conditions as the Board shall determine and are not inconsistent with the RSU Scheme, and will require the RSU Selected Person to undertake to hold the RSU on the terms on which it is granted and to be bound by the provisions of the RSU Scheme.

b. Acceptance of an offer

A RSU Selected Person may accept an offer of the grant of RSUs in such manner as set out in the RSU Grant Letter. Once accepted, the RSUs are deemed to be granted from the date of the Grant Letter. Upon acceptance, the RSU Selected Person becomes a participant (the “**RSU Participant**”) in the RSU Scheme.

c. Restrictions on Grants

The Board may not grant any RSUs to any RSU Selected Persons in any of the following circumstances:

- (1) the requisite approvals for the grant from any applicable regulatory authorities have not been obtained;
- (2) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSUs or in respect of the RSU Scheme, unless the Board determines otherwise;
- (3) where granting the RSUs would result in a breach of any applicable securities laws, rules or regulations by the Company, any member of our Group or any of their directors; or
- (4) where such grant of RSUs would result in exceeding the maximum number of RSU under the RSU Scheme.

(f) *Maximum Number of Shares*

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of RSU Scheme) shall not exceed 10% of the total number of Shares on the date of the listing of the Shares on the Main Board of the Stock Exchange, subject to any adjustment pursuant to any capitalisation issue or capital restructuring or be such number of Shares held or to be held by the Trustee for the purpose of the RSU Scheme from time to time.

(g) *Rights attached to RSUs*

A RSU Participant does not have any contingent interest in any Shares underlying the RSUs unless and until the RSUs are vested and exercised by the RSU Participant. Further, a RSU Participant may not exercise voting rights in respect of the Shares underlying the RSUs prior to the vesting and exercise of such RSUs. The Trustee shall exercise the voting rights attached to the Shares underlying the RSUs prior to the vesting and exercise thereof by the RSU Participant. Unless otherwise specified by the Board in its entire discretion in the Grant Letter, a RSU Participant does not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs.

(h) *Rights attached to Shares*

Any Shares transferred to a RSU Participant in respect of any RSUs will be subject to all the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members. Accordingly, such Shares will entitle the holders all dividends or other distributions paid or made on or after the date of transfer or, if that date falls on a day when the register of members of the Company closed, the first day of the reopening of the register of members.

(i) *Assignment of RSUs*

The RSUs granted pursuant to the RSU Scheme are personal to each RSU Participant, and are not assignable. RSU Participants are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favour of any other person over or in relation to any property held by the Trustee on trust for the RSU Participants, the RSUs, or any interest or benefits therein.

(j) *Vesting of RSUs*

The Board may determine the vesting criteria, conditions and the time schedule for the vesting of the RSUs and such criteria, conditions and time schedule shall be stated in the RSU Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Company shall send the vesting notice (the “**Vesting Notice**”) to each of the relevant RSU Participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of 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) involved.

If the vesting conditions are not satisfied and no waiver of such condition is granted, the RSU shall be cancelled according to conditions as determined by the Board in its absolute discretion.

(k) Trustee

The Company may appoint trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Company may (i) allot and issue Shares to the Trustee to be held by the Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the Trustee to receive existing Shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The Company shall procure that sufficient funds are provided to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration of the RSU Scheme. All Shares underlying the RSUs granted and to be granted under the RSU Scheme will be transferred, allotted or issued to the Trustee.

(l) Exercise of RSUs

RSUs held by a RSU Participant that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the Participant serving an exercise notice in writing on the Trustee and copied to the Company subject to the conditions of this RSU Scheme. Any exercise of RSUs must be in respect of a Board Lot or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one Board Lot).

In an exercise notice, the Participant shall request the Trustee to, and the Board shall direct and procure the Trustee to within five Business Days, either transfer the Shares underlying the RSUs exercised (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) or transfer the sale proceeds arising from the sale of such Shares to the Participant which the Company has allotted and issued to the Trustee as fully paid up Shares or which the Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any shareholder of the Company, subject to the RSU Participant paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the Trustee or as the Trustee directs.

Notwithstanding the foregoing, if the RSU Participant would or might be prohibited from dealing in the Shares by the Listing Rules (including but not limited to (i) the blackout period as stipulated in rule A.3 of the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules, and (ii) the Inside Information Provisions of the Securities and Futures Ordinance (Cap. 571)) or by any other applicable laws, regulations or rules within the period specified above, the date on which the relevant Shares shall be allotted and issued or transferred (as the case may be) to such RSU Participant shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules or by any other applicable laws, regulations or rules.

The RSU Participant shall serve the exercise notice within two (2) weeks after receiving the Vesting Notice. The Trustee will not hold the Shares underlying the RSUs vested for the RSU Participant after this two-week period. If the exercise notice is not served during this two-week period or the Shares underlying the RSUs exercised cannot be transferred to the RSU Participant pursuant to the preceding paragraph due to the RSU Participant not being able to provide sufficient information to effect the transfer, the RSUs vested or exercised (as the case may be) shall lapse unless otherwise agreed by the Board at its absolute discretion.

(m) Rights on a takeover

If a general offer to acquire the Shares (whether by takeover offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects, a RSU Participant's RSUs will vest immediately, even if the vesting period has not yet commenced.

(n) Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement and such shareholders' approval is obtained, a RSU Participant's RSUs will vest immediately, even if the vesting period has not yet commenced.

(o) Rights on voluntary winding-up

If an effective resolution is passed during the RSU Scheme Period for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), all outstanding RSUs shall be treated as having vested immediately. In such case, no Shares will be transferred, and no cash alternative will be paid, to the RSU Participant, but the RSU Participant will be entitled to receive out of the assets available in liquidation on an equal basis with the Company's shareholders such sum as they would have received in respect of the RSUs.

(p) Lapse of RSUs

- a. Any unvested RSUs will automatically lapse immediately where:
 - i. the RSU Participant makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSUs or any interests or benefits pursuant to the RSUs.
- b. If at any time,
 - i. a RSU Participant who is an employee of our Group:
 - 1. fails, during the course of his employment, to devote the whole of his time and attention to the business of our Group or to use his best endeavours to develop the business and interests of our Group;
 - 2. is concerned during the course of his employment with the Group (without the prior written consent of the Company) with any (competitive or other) business other than that of our Group; and/or
 - 3. is in breach of his contract of employment with or any other obligation to the Group (including without limitation the restrictive covenants set out in Rule 8),
 - ii. a RSU Participant who is a consultant of our Group, could no longer make any contribution to the growth and development of any member of our Group by any reason whatsoever,

then all unvested RSUs and vested RSUs which have not been exercised shall automatically lapse and such RSU Participant shall have no claim whatsoever in respect of the RSUs or the underlying Shares.

- c. If the Participant's employment, consultancy or other service with the Company or any member of our Group is terminated by any reason, the Board shall determine at its absolute discretion and shall notify the Participant whether any unvested RSU granted to such Participant shall vest and the period within which such RSU shall vest. If the Board determines that such RSU shall not vest, such RSU shall be cancelled automatically with effect from the date on which the Participant's employment, consultancy or other service is terminated.

(q) Cancellation of RSUs

The Board may at its discretion cancel any RSU that has not vested or lapsed, provided that:

- a. the Company or any member of our Group pay to the RSU Participant an amount equal to the fair value of the RSU at the date of the cancellation as determined by the Board, after consultation with the auditors of the Company, or an independent financial adviser appointed by the Board;
- b. the Company or the relevant member of our Group provides to the RSU Participant a replacement award (or a grant or option under any other restricted share unit scheme, share option scheme or share-related incentive scheme) of equivalent value to the RSUs to be cancelled; or
- c. the Board makes any arrangement as the RSU Participant may agree in order to compensate him/her for the cancellation of the RSUs.

(r) Reorganisation of capital structure

In the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, the Board may make such equitable adjustments, designed to protect the RSU Participants' interests, to the number of Shares underlying the outstanding RSUs or to the amount of the equivalent value, as it may deem appropriate at its absolute discretion.

(s) Amendment of the RSU Scheme

Save as provided in the RSU Scheme, the Board may alter any of the terms of the RSU Scheme at any time. Written notice of any amendment to the RSU Scheme shall be given to all RSU Participants. Any alterations to the terms and conditions of the RSU Scheme which are of a material nature or any changes to the terms of the RSUs granted which shall operate to affect materially adversely any subsisting rights of any RSU Participant shall be subject to the consent of the RSU Participants amounting to three-fourths in nominal value of all underlying RSUs so held by the RSU Participants on the date of the relevant resolution passed by our Board in approving the amendment of the RSU Scheme or the terms of the RSUs granted (as the case may be), except where the alterations or changes take effect automatically under the existing terms of the RSU Scheme. The Board's determination as to whether any proposed alteration to the terms and conditions of the RSU Scheme or the terms of the RSUs granted (as the case may be) is material shall be conclusive.

(t) Termination of the RSU Scheme

The Board may terminate the RSU Scheme at any time before the expiry of the RSU Scheme Period. The provisions of the RSU Scheme shall remain in full force and effect in respect of RSUs which are granted pursuant to the rules of the RSU Scheme prior to the termination of the operation of the RSU Scheme. The Company or relevant member of our Group shall notify the Trustee and all RSU Participants of such termination and of how any property held by the Trustee on trust for the RSU Participants (including, but not limited to, any Shares held) and the outstanding RSUs shall be dealt with.

(u) Administration of the RSU Scheme

The Board has the power to administer the RSU Scheme, including the power to construe and interpret these Rules and the terms of the RSUs granted under it. The Board may delegate the authority to administer the RSU Scheme to a committee of the Board. The Board may also appoint one or more independent third-party contractors to assist in the administration of the RSU Scheme and delegate such powers and/or functions relating to the administration of the RSU Scheme as the Board thinks fit. The Board's determinations under the RSU Scheme need not be uniform and may be made by it selectively with respect to persons who are granted, or are eligible to be granted, RSUs under it. If a director is a RSU Participant he may, notwithstanding his/her own interest and subject to the Articles, vote on any Board resolution concerning the RSU Scheme (other than in respect of his/her own participation in it), and may retain RSUs under it. Each RSU Participant waives any right to contest, amongst other things, the value and number of RSUs or Shares or equivalent value of cash underlying the RSUs or Shares and the Board's administration of the RSU Scheme.

(v) General*RSUs granted*

As of the Latest Practicable Date, the Company had granted RSUs with an aggregate of 20,000 underlying Shares, which has been adjusted to 1,000,000 underlying Shares after the completion of the Share Subdivision, representing 0.80% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Details of the RSUs granted pursuant to the RSU Scheme are set out below:

Name	Position held within our Group	Grant Date	Number of Shares underlying RSUs granted as of the Latest Practicable Date	Number of Shares underlying RSUs granted immediately following the Share Subdivision	Vesting Period	Approximate percentage of shareholding immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)
Mr. Yang	Executive Director and vice president	31 March 2023	1,000,000	1,000,000	10 years from the grant date	0.80%

As of the Latest Practicable Date, none of the RSUs were vested and all of the RSUs were outstanding. As all Shares underlying the outstanding RSUs have already been issued to Robert Sun Holdings, the outstanding RSUs will not have any dilutive effect on the shareholding of the Company upon Listing. The Company will not issue or grant further RSUs under the RSU Scheme after the Listing.

2. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

3. Litigation

Saved for disclosed in “Business — Legal Proceedings and Compliance”, as of the Latest Practicable Date, and so far as our Directors are aware, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

4. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and the permission to deal in, the Shares in issue and the Shares to be issued or sold as mentioned in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option). The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fees payable to the Joint Sponsors in respect of their services as Joint Sponsors for the Listing are USD800,000 and are payable by us.

5. Preliminary expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Qualification of experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who gave opinions or advice which are contained in this prospectus:

Name	Qualifications
Jefferies Hong Kong Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance)
Guotai Junan Capital Limited	Licensed under the SFO to conduct Type 6 (advising on corporate finance)
Jingtian & Gongcheng	Legal advisers to our Company as to PRC laws
Tian Yuan Law Firm	Legal advisers to our Company as to PRC laws in relation to cybersecurity and data compliance matters
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588)
Maples and Calder (Hong Kong) LLP	Legal advisers to our Company as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

8. Consent of experts

Each of the experts as referred to in “— D. Other Information — 7. Qualification of experts” in this appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

As at the Latest Practicable Date, none of experts named above has any shareholders’ interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for interests in our Company or any member of our Group.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) insofar as applicable.

10. No material adverse change

Our Directors confirm that, save as disclosed in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

11. Miscellaneous

- (a) Save as disclosed in the “History, Reorganisation and Corporate Structure”, “Financial Information” and Appendix I to this prospectus:
 - (i) within the two years immediately preceding the date of this prospectus, neither our Company, nor any member of our Group has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
 - (ii) neither our Company, nor any member of our Group has granted or agreed to grant commissions, discounts, brokerages or other special terms in connection with the issue or sale of any share or loan capital;
 - (iii) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to the Underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any member of our Group;
 - (iv) no founder, management or deferred shares of our Company or any member of our Group have been issued or agreed to be issued;
 - (v) our Company has no outstanding convertible debt securities or debentures;
- (b) no share or loan capital of our Company, or any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;

- (c) none of the persons named in the paragraph headed “— D. Other Information — 7. Qualification of experts” in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (d) there is no arrangement under which the future dividends are waived or agreed to be waived;
- (e) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;
- (f) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;
- (g) our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus;
- (h) our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited. All transfers and other documents of title of the Shares must be lodged for registration with and registered by our Hong Kong Share Registrar. All necessary arrangements have been made to enable the Shares to be admitted to CCASS; and
- (i) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration include:

- (1) a copy of the **GREEN** Application Form;
- (2) the written consents referred to in “Appendix IV — Statutory and General Information — D. Other Information — 8. Consent of experts”; and
- (3) a copy of each of the material contracts referred to in “Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts”.

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.plscn.com for a period of time for 14 days from the date of this prospectus:

- (1) the Memorandum of Association and the Articles of Association;
- (2) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (3) the audited consolidated financial statements of our Group for the three years ended 31 December 2022;
- (4) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (5) the letter of advice issued by Maples and Calder (Hong Kong) LLP, our legal advisers on Cayman Islands law, summarising certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;
- (6) the Cayman Companies Act;
- (7) the material contracts referred to in “Statutory and General Information — B. Further Information About Our Business — 1. Summary of the material contracts” in Appendix IV to this prospectus;
- (8) the service contracts and letters of appointment with our Directors referred to in “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Service Contracts” in Appendix IV to this prospectus;
- (9) the written consents referred to in “Statutory and General Information — D. Other Information — 8. Consent of Experts” in Appendix IV to this prospectus;
- (10) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of the general matters and property interests in the PRC of our Group;

- (11) the PRC data compliance report issued by Tian Yuan Law Firm, our PRC Legal advisers, in respect of certain cybersecurity and data compliance matters in the PRC of our Group;
- (12) the Rules of the RSU Scheme; and
- (13) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.



Plus Group Holdings Inc.
普樂師集團控股有限公司