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Application Proof of

BlueFocus Intelligent Communications Group Co., Ltd.

(the “**Company**”)

(A joint stock company incorporated in the People's Republic of China with limited liability)

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BlueFocus Intelligent Communications Group Co., Ltd.

(北京藍色光標數據科技集團股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation)

Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value : RMB1.00 per Share

[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]



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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED]. If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time) between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] below as stated in this document at any time on or prior to the morning of the last day for [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the websites of our Company at www.bluefocusgroup.com and the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for [REDACTED] under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed "Structure of the [REDACTED]" and "How to Apply for the [REDACTED]" in this document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the Joint Sponsors and the [REDACTED] (on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. See "[REDACTED]" for further details.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be [REDACTED] or sold in the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this document to the public in relation to the [REDACTED].

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set forth in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

Founded in 1996, we have been adhering to the philosophy of “Grounded in Expertise, Driven by Excellence,” and are committed to providing one-stop, technology-driven marketing services to clients across industries, addressing their full-spectrum marketing needs throughout the business lifecycle.

During the Track Record Period, our marketing services have reached nearly 200 countries and regions globally, serving over 100,000 clients, including over 100 Fortune China 500 companies. Our revenue increased from RMB36,682.6 million in 2022 to RMB60,796.9 million in 2024, representing a CAGR of 28.7%.

According to Frost & Sullivan, we were the largest Chinese marketing service provider in terms of revenue in 2024, and the only Chinese marketing service provider among the world’s top ten players, ranking tenth.

SUMMARY

Our Business

The following sets forth a summary of our marketing services by business segments.

Overseas Marketing Services	Digital Advertising Services We plan, launch and manage advertising campaigns for clients on overseas media platforms. Integrated Marketing Services We provide one-stop services across the full spectrum of marketing activities, including social media marketing, big data analytics, PR services, design and produce marketing creatives, and end-to-end campaign management. Programmatic Advertising Services We provide programmatic advertising services through our proprietary platforms, namely Blue X and Blue Turbo. Others We provide other marketing services, including Luban Kuajingtong, which is a SaaS platform tailored for emerging cross-border e-commerce clients.
Domestic Integrated Marketing Services	PR Services We provide full-stack PR services that include media relationship management, event planning and coordination, data analytics and crisis management. Other Integrated Marketing Services We provide one-stop services across the full spectrum of marketing activities, including social media marketing, big data analytics, design and produce marketing creatives, and end-to-end campaign management.
Domestic Advertising Services	Digital Advertising Services We plan, launch and manage advertising campaigns for clients on China-based media platforms. Programmatic Advertising Services We provide programmatic advertising services primarily through our proprietary UGdesk platform.

Please refer to “Business — Our Operating Model” for details of each line of business.

SUMMARY

Our Achievements

We have achieved the following:

No. 10 Globally Marketing Service Provider ⁽¹⁾	No. 1 in China Marketing Service Provider ⁽¹⁾	No. 1 in China Overseas Marketing Service Provider ⁽¹⁾
Nearly 200 Countries and Regions ⁽²⁾	79.5% Overseas Marketing Services ⁽³⁾	28.7% Revenue 2022-2024 CAGR
40 billion+ Token Usage ⁽⁴⁾	100,000+ Number of Clients Served ⁽⁵⁾	Approximately RMB1.2 billion AI-driven gross billing ⁽⁶⁾

(1) According to Frost & Sullivan, in terms of revenue in 2024.

(2) Number of countries and regions to which our marketing campaigns were delivered during the Track Record Period.

(3) As a percentage of total revenue in 2024.

(4) In 2024.

(5) Number of clients served during the Track Record Period.

(6) AI-driven gross billing generated in 2024 from projects where AI was implemented across key service flow, from project pitch and acquisition to delivery, streamlining workflows and enhancing execution efficiency.

“All in AI” Strategy

In 2023, we launched the “All in AI” strategy to lead the application of AI in the marketing industry and capture the new wave of emerging technology revolution. This strategy reflects our commitment to using AI to reshape and grow our business.

We have developed Blue AI, a marketing domain-specific application engine for large language models. Leveraging Blue AI, we have cleansed and labeled over 120 million data entries specific to the marketing domain, forming a robust marketing database. Building on this foundation, we have continuously developed Blue AI Agents tailored to key aspects of our business operations, including data insights, content generation, campaign execution and post-campaign analysis. As of December 31, 2024, we had developed 137 Blue AI Agents ready for deployment across specific marketing scenarios, significantly enhancing workflow automation and intelligence, as well as business efficiency. In 2024, our gross billing generated from AI-driven business amounted to approximately RMB1.2 billion.

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We have integrated AI capabilities into our talent development framework. AI proficiency has been embedded into the core criteria for talent selection and cultivation to ensure a sustainable pipeline of AI-literate professionals. As of the Latest Practicable Date, we had approximately 350 employees who are highly proficient in using AI as tools to improve our business operation.

“Globalization 2.0” Strategy

In 2024, we launched the “Globalization 2.0” strategy to facilitate the gradual transformation of overseas marketing services from a traditional agency-based business model to a business model that is based on (i) localized operations and (ii) technology empowerment. This strategy intends to broaden our global client reach, elevate service quality and efficiency, unlock economies of scale of our globalized business. Specifically:

- Localized operation: we had set up five overseas offices as of the Latest Practicable Date in the United States, Vietnam, Thailand, Indonesia, and Singapore, continuously enhancing our on-the-ground service capabilities in overseas markets. With dedicated local teams, we help clients engage more effectively with target audiences by leveraging regional media resources and tapping into local consumer insights. Our localized operations not only improve the relevance and impact of our overseas marketing services, but also lay a strong foundation for refining and expanding our service offerings.
- Technology empowerment: we have integrated AI and metaverse technologies to develop intelligent tools and platforms for various marketing scenarios. Leveraging predictive algorithms, we enhance our ability to aggregate and activate media resources from mid- to long-tail platforms through programmatic advertising. In parallel, we build proprietary digital IPs to develop structured and replicable pathways to client engagement. Both efforts contribute to the development of our proprietary traffic pools.

Our Market Opportunities

China has a large and expanding marketing industry that has experienced steady growth in recent years. According to Frost & Sullivan, the market size of China’s marketing industry is projected to increase from RMB1,885.8 billion in 2024 to RMB3,011.7 billion in 2029, with a CAGR of 9.8% from 2024 to 2029. This growth is primarily driven by continued advancements in digital transformation, the growing adoption of AI-powered services, and rising demand for comprehensive marketing services across industries.

Overseas marketing has emerged as a key and one of the fastest-growing segments. According to Frost & Sullivan, the market size of China’s overseas marketing industry is projected to increase from RMB440.4 billion in 2024 to reach RMB786.6 billion in 2029, representing a CAGR of 12.3% from 2024 to 2029, exceeding the projected 9.8% growth of the overall marketing industry during the same period.

SUMMARY

The overseas marketing industry is expected to maintain strong momentum. The demand for overseas marketing services is expected to continue growing, driven by ongoing policy support for the globalization of Chinese companies, a structural shift from product export to brand export, the accelerating international expansion of digital media platforms, and the widespread adoption of AI technologies that are transforming the efficiency and scalability of global marketing operations. These developments have significantly lowered the barriers for Chinese companies to engage global consumers and are expected to sustain strong momentum for the overseas marketing industry in the years ahead.

These favorable industry trends present us with significant growth opportunities. Leveraging our leading market position, strong brand recognition, and technological capabilities, we are well positioned to capture the continued expansion of the overseas marketing industry and further grow our market share.

OUR CUSTOMERS

Our major customers primarily consisted of direct clients with marketing needs of diverse industries during the Track Record Period. Revenue generated from our five largest customers in each of 2022, 2023 and 2024 accounted for 14.3%, 13.8% and 14.6% of our total revenue for the respective periods. Revenue generated from our largest customer in each of 2022, 2023 and 2024 accounted for 4.1%, 4.7% and 4.0% of our total revenue for the respective periods.

During the Track Record Period, we were not subject to any material customer concentration risk. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, their respective associates, or any shareholders of our Company (who or which, to the knowledge of the Directors, owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest customers. All of our five largest customers during each year of the Track Record Period were Independent Third Parties.

OUR SUPPLIERS

Our suppliers primarily consist of media platforms during the Track Record Period. Cost of sales attributable to our five largest suppliers in each of 2022, 2023 and 2024 accounted for 83.6%, 88.7% and 89.9% of our total cost of sales for the respective periods. Cost of sales attributable to our largest supplier in each of 2022, 2023 and 2024 accounted for 36.0%, 40.6% and 40.9% of our total cost of sales for the respective periods.

According to Frost & Sullivan, our procurement amount from the five largest suppliers was in line with the industry average during the Track Record Period. During the Track Record Period, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest suppliers. All of our five largest suppliers during each year of the Track Record Period were Independent Third Parties.

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COMPETITION

We compete in a large and highly competitive market. Driven by rapid technological advancements and diverse marketing demands, China’s marketing industry has continued to develop in recent years and is expected to grow rapidly in the future.

We believe that our ability to be differentiated from our competitors depends upon many factors, including, but not limited to, our ability to deeply understand and quickly respond to clients’ needs, our robust AI capabilities, our broad and stable industry and client coverage, and our long-term and stable cooperative relationships with leading media platforms in China and overseas.

See “Industry Overview” for more details.

OUR STRENGTHS

We attribute our success to and distinguish ourselves by the following key competitive strengths:

- A Global-Leading, Technology-Driven Marketing Company in China Through Nearly Three Decades of Relentless Efforts;
- AI Technologies Underpinning Our Entire Operations;
- Leading Position in Overseas Marketing Industry Fueling Remarkable Growth with Localized Presence;
- Diverse and Highly Engaged Client Base with Extensive Media Platform Relationships; and
- Visionary and Experienced Management Team with a Well-Defined Talent Development Framework Supporting Strategic Growth.

See “Business — Our Strengths” for more details.

OUR STRATEGIES

We will continue to pursue the following strategies to further expand our business:

- “All in AI” Strategy;
- “Globalization 2.0” Strategy;
- “Metaverse 123” Strategy; and

SUMMARY

- Explore Opportunities for Strategic Investments, Acquisitions, and Partnerships.

See “Business — Our Strategies” for more details.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to where we conduct business and (iii) risks relating to the [REDACTED], which we strongly urge you to read in full before making an [REDACTED] in our Shares. For further details, see “Risk Factors.” These risks include, among others, the following:

- The industries in which we operate are characterized by constant changes. If we fail to continually innovate our technologies and provide useful products and services that meet the expectations of our clients, our business, financial condition and results of operations may be materially and adversely affected.
- We rely on a limited number of media platforms to provide digital advertising services for our clients during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.
- We face intense competition in the markets in which we operate and may be unable to compete successfully against our existing and future competitor.
- If we fail to maintain and grow our client base or attract new clients, results of operations and financial condition may be materially and adversely affected.
- Our business is subject to the risks relating to international operations, and we may continue to expand internationally, which could materially and adversely affect our business, results of operations and financial conditions.
- Our improvements of existing services and products and introduction of new services and products may not be successful or may fall short of expected results.
- Our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.
- If we are provided with inaccurate or fraudulent data, it may have a material adverse effect on our business, results of operations and financial condition.
- We incurred loss for the year during the Track Record Period, which may continue in the future.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants’ Report in Appendix I to this document, including the accompanying notes and the information set out in “Financial Information” in this document.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Revenue	36,682,585	100.0	52,615,934	100.0	60,796,916	100.0
Cost of sales	(34,974,895)	(95.3)	(50,827,390)	(96.6)	(59,266,755)	(97.5)
Gross profit	1,707,690	4.7	1,788,544	3.4	1,530,161	2.5
Other income	230,718	0.6	294,375	0.6	211,959	0.3
Other gains and losses, net	(275,849)	(0.8)	(71,062)	(0.1)	38,573	0.1
Selling expenses	(828,214)	(2.3)	(818,475)	(1.6)	(789,361)	(1.3)
Administrative expenses	(554,354)	(1.5)	(532,794)	(1.0)	(639,056)	(1.1)
Research and development expenses	(72,427)	(0.2)	(89,364)	(0.2)	(53,935)	(0.1)
Impairment losses under expected credit loss model, net of reversal	(343,262)	(0.9)	(415,592)	(0.8)	(194,045)	(0.3)
Impairment losses recognized on non-financial assets	(2,036,572)	(5.6)	–	–	(192,813)	(0.3)
Share of results of associates	(14,002)	(0.0)	(46,600)	(0.1)	(83,814)	(0.1)
Finance costs	(87,319)	(0.2)	(112,029)	(0.2)	(104,365)	(0.2)
Loss before tax	(2,273,591)	(6.2)	(2,997)	(0.0)	(276,696)	(0.5)
Income tax credit/(expense)	96,248	0.3	114,720	0.2	(20,245)	(0.0)
(Loss)/profit for the year	(2,177,343)	(5.9)	111,723	0.2	(296,941)	(0.5)

SUMMARY

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Other comprehensive income/(expense) for the year, net of tax	198,068	0.5	(31,362)	(0.0)	(10,855)	(0.0)
Total comprehensive (expense)/income for the year	<u>(1,979,275)</u>	<u>(5.4)</u>	<u>80,361</u>	<u>0.2</u>	<u>(307,796)</u>	<u>(0.5)</u>

While we experienced revenue growth during the Track Record Period, we recorded loss for the year of RMB2,177.3 million and RMB296.9 million in 2022 and 2024, respectively. Our loss for the year in 2022 and 2024 was primarily due to (i) impairment losses recognized on non-financial assets of RMB2,036.6 million and RMB192.8 million in 2022 and 2024, respectively, which mainly arose from (a) investments in associates, (b) goodwill and (c) other intangible assets and (ii) impairment losses under expected credit loss model, net of reversal of RMB343.3 million and RMB194.0 million in 2022 and 2024, respectively, which mainly arose from (a) trade receivables, (b) contract assets and (c) other receivables. For further details, see “Financial information — Principal Components of Consolidated Statements of Profit or Loss” and “Financial information — Review of Historical Results of Operations.”

While we incurred loss for the year in 2022 and 2024, we are committed to improving our results of operations through the following approach:

- Driving revenue growth through overseas marketing services: we seek to capitalize on the rising demand from Chinese enterprises aiming to reach overseas audiences. By leveraging our long-established relationships with leading international media platforms and our localized execution capabilities, we are well-positioned to capture emerging market opportunities and drive sustainable revenue growth.
- Enhancing operational efficiency through AI Applications: we are actively applying AI across our operations to enhance efficiency and reduce reliance on manual processes. In service workflows, AI plays a key role throughout the campaign lifecycle, streamlining activities that have traditionally depended on manual input. For internal operations, we utilize AI tools in high-volume tasks such as contract review and bid material preparation, which has significantly enhanced both execution speed and accuracy.

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted (loss)/profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs.

The following table reconciles our adjusted (loss)/profit (non-IFRS measure) to (loss)/profit for the year in respect of the years indicated.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
(Loss)/profit for the year	(2,177,343)	111,723	(296,941)
<i>Adjusted for:</i>			
Equity-settled share-based payments . . .	12,050	76,350	172,194
Adjusted (loss)/profit (non-IFRS measure)	<u>(2,165,293)</u>	<u>188,073</u>	<u>(124,747)</u>

We define adjusted (loss)/profit (non-IFRS measure) as (loss)/profit for the year, excluding equity-settled share-based payments. We have made the following adjustment during the Track Record Period:

- Equity-settled share-based payments represent non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

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

Summary of Selected Items of Financial Positions

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total current assets	12,977,750	16,323,222	16,579,040
Total non-current assets	5,083,504	5,225,367	5,638,861

SUMMARY

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total current liabilities	9,798,888	13,024,058	14,014,024
Total non-current liabilities	845,491	945,604	621,060
Net current assets	3,178,862	3,299,164	2,565,016

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	1,046,393	569,616	(32,157)
Net cash (used in)/generated from investing activities	(676,768)	121,140	459,468
Net cash generated from/(used in) financing activities	630,434	(427,853)	(397,529)
Net increase in cash and cash equivalents	1,000,059	262,903	29,782
Cash and cash equivalents at the beginning of the year	2,678,433	3,804,439	4,077,313
Cash and cash equivalents at the end of the year	3,804,439	4,077,313	4,141,982

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2022	2023	2024
Gross profit margin	4.7%	3.4%	2.5%
Revenue growth rate	N/A	43.4%	15.5%
Current ratio ⁽¹⁾	1.3 times	1.3 times	1.2 times
Liability-to-asset ratio ⁽²⁾	58.9%	64.8%	65.9%

Notes:

(1) Current ratio was calculated by dividing current assets by current liabilities.

(2) Liability-to-asset ratio was calculated by dividing total liabilities by total assets and multiplied by 100%.

SUMMARY

LEGAL PROCEEDINGS AND NON-COMPLIANCE

From time to time, we have been and will be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in some cost and diversion of our resources, including our management’s time and attention.

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. For further details, see “Business — Legal Proceedings and Compliance” and “Business — Licenses, Approvals and Permits.” For more information about the laws and regulations that we are subject to, see “Regulatory Overview.”

[REDACTED]

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since 2010, our Company has been listed on the Shenzhen Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, save as disclosed in the section headed “Risk Factors — Risks Relating to our Business and Industry,” there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange.

Based on the independent due diligence conducted by the Joint Sponsors no material matter has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance record of the Company on the Shenzhen Stock Exchange.

[REDACTED]

SUMMARY

[REDACTED]

[REDACTED]

DIVIDENDS AND DIVIDENDS POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB105.0 million, nil and RMB24.9 million in 2022, 2023 and 2024, respectively.

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profit realized for that year after making the required appropriations to statutory reserves. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our

SUMMARY

results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant. For further details, see “Financial Information — Dividends and Dividends Policy.”

FUTURE PLANS AND USE OF [REDACTED]

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

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for enhancing the Company’s R&D capabilities in the AI field and continuously iterating products and technology innovations;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of the global business network;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for enhancing our service capabilities in the domestic market;
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for potential acquisitions or investment opportunities; and
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

For further details, see “Future Plans and Use of [REDACTED].”

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees (such as the discretionary incentive fee) incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] million (or HK\$[REDACTED] million, representing [REDACTED]% of the gross [REDACTED] from the [REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), of which (i) approximately RMB[REDACTED] million, directly attributable to the issue of our [REDACTED], will be subsequently charged to equity upon completion of the proposed [REDACTED] and (ii) approximately RMB[REDACTED] million is expected to be expensed in our consolidated statements of profit or loss for the year ended December 31, 2025. By nature, our [REDACTED] expenses are composed of (i) [REDACTED] related expenses (including but not limited to commissions

SUMMARY

and fees) of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] expenses of approximately RMB[REDACTED] million, which consist of (a) fees and expenses of the Joint Sponsors, legal advisors and accountants of approximately RMB[REDACTED] million, and (b) other fees and expenses of approximately RMB[REDACTED] million.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or [REDACTED] position or prospects since December 31, 2024, being the end date of our latest consolidated financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained “Glossary of Technical Terms” in this document.

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
“Accountant’s Report”	the accountant’s report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
“affiliate(s)”	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, which shall become effective from the [REDACTED] and a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	BlueFocus Intelligent Communications Group Co., Ltd. (北京藍色光標數據科技集團股份有限公司), a joint stock company with limited liability established under the laws of the PRC on November 4, 2002, whose A Shares are listed on the Shenzhen Stock Exchange (stock code: 300058)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
“Frost & Sullivan Report”	the report with respect to this [REDACTED] issued by Frost & Sullivan

[REDACTED]

DEFINITIONS

“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“H Share(s)”	overseas [REDACTED] foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be [REDACTED] for and [REDACTED] in Hong Kong dollars and [REDACTED] on the Stock Exchange [REDACTED]
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[REDACTED]

“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)” any entity or person who/which, to the best of our Directors’ knowledge, information and belief, is not a connected person of our Company within the meaning ascribed to it under the Listing Rules

[REDACTED]

“Lakala” Lakala Payment Co., Ltd. (拉卡拉支付股份有限公司), a joint stock company with limited liability established under the laws of the PRC on January 6, 2005, and listed on the Shenzhen Stock Exchange (stock code: 300773), is a Shareholder of our Company holding approximately 3.93% of the A shares as of the Latest Practicable Date

“Latest Practicable Date” June 20, 2025, being the latest practicable date for ascertaining certain information in this document before its publication

DEFINITIONS

“Laws” all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgments, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions

[REDACTED]

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

[REDACTED]

“MOF” Ministry of Finance of the PRC (中華人民共和國財政部)

“Mr. Zhao” Mr. Zhao Wenquan (趙文權), our founder, chairman of the Board and executive Director

“Nomination Committee” the nomination committee of the Board

[REDACTED]

DEFINITIONS

[REDACTED]

“PRC” or “China”	the People’s Republic of China, but for the purposes of this document only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government Body”	has the meaning ascribed to it under the Listing Rules
“PRC Legal Advisor”	Commerce & Finance Law Offices, our legal advisor on PRC laws

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“RMB or Renminbi”	Renminbi, the lawful currency of China
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
“Share(s)”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
[REDACTED]	
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Track Record Period”	the years ended December 31, 2022, 2023 and 2024
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

DEFINITIONS

[REDACTED]

“2023 Stock Incentive Plan” the 2023 restricted stock incentive plan (2023年限制性股票激勵計劃), the principal terms of which are set out in the section headed “Statutory and General Information — (C) Further Information about our Directors and Shareholders — 4 the 2023 Stock Incentive Plan” in Appendix IV in this document

“%” per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

“advertisement creative(s)”	the specific rendering of the ad content
“advertising inventory”	the total amount of advertising space or time available for sale across media platforms and publishers, including websites, apps, and social platforms
“agent”	advertising agent of a media platforms
“AGI”	artificial general intelligence, the representation of generalized human cognitive abilities in artificial intelligence so that, when faced with any unfamiliar task that a human being is capable of, it could find a service to perform such task
“AI”	artificial intelligence
“AIGC”	artificial intelligence generated content
“AI native”	applications or systems that are built from the ground up to leverage artificial intelligence as a core capability, rather than incorporating AI as an add-on
“API”	application programming interface
“app”, “APP”, “App” or “mobile application”	application software designed to run on smartphones and other mobile devices
“application engine”	a unified engine designed to drive the design and continuous optimization of AI applications and agents. It integrates and standardize foundational AI capabilities, and provides an operational platform for agents to run, learn from feedback, and evolve
“big data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions

GLOSSARY OF TECHNICAL TERMS

“Blue AI Agent”	a collection of intelligent agents developed using Blue AI, designed to automate and optimize key stages of the marketing service flow, including data analysis, content creation, campaign execution, performance review, and auxiliary functions such as compliance and contract support
“CAGR”	compound annual growth rate
“client retention rate”	calculated as the percentage of clients in the immediately preceding year who remain our clients in the current year
“cloud-based”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“CLV”	customer lifetime value
“conversion rate”	the ratio of users who take a desired action by the advertisers such as signing up a new account or making a purchase, to the total number of users who viewed or clicked the ad
“CPA”	cost per acquisition
“CPC”	cost per click
“CPI”	cost per install
“CPM”	click per mille, a non-performance-based pricing model where advertisers are charged on the basis of thousand impressions
“CPT”	cost per time
“CRM”	customer relationship management
“CTR”	clickthrough rate, the number of clicks that a piece of advertisement receives divided by the number of times that the piece of advertisement is shown. It is a ratio showing how often people who see a piece of advertisement end up clicking it

GLOSSARY OF TECHNICAL TERMS

“DSP”	demand-side platform, a platform that allows buyers of digital marketing products to manage multiple ad exchange and data exchange accounts through one interface
“DTC”	direct to consumer
“e-commerce”	electronic commerce, a transaction of buying or selling online which draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems
“FMCG”	fast-moving consumer goods
“GMV”	gross merchandise value, the total value of merchandise sold through a particular marketplace over a given period of time
“gross billing”	the total monetary value charged to customers for marketing services provided
“gross spending”	the total monetary amount spent on procuring media resources from media platforms
“impression(s)”	the number of ad views, represents the total number of times our ad is viewed by a user or displayed on a web page during a certain period of time
“IP”	intellectual property
“KOLs”	key opinion leaders
“PGC”	professionally generated content
“PR”	public relations
“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“SMEs”	small and medium-sized enterprises

GLOSSARY OF TECHNICAL TERMS

“SQL”	structured query language
“SSP”	supply-side platform, a platform that enables media partners to manage, optimize and sell their advertising space inventory
“big data”	extremely large data sets that may be analyzed computationally to reveal patterns, trends, and associations
“KPI”	key performance indicator
“large language models” or “LLMs”	a computerized language model consisting of an artificial neural network with tens of millions parameters, built on large quantities of unlabeled text using self-supervised learning or semi-supervised learning
“ROI”	return on investment
“Token(s)”	a basic unit of text, such as a word or part of a word, that AI models use to process and generate language, which is commonly used to measure model usage and cost
“Token usage”	the number of tokens processed by large language models during use, reflecting the scale of model interaction and directly impacting computational cost
“traffic”	in terms of traffic in digital marketing, the flow of audience on media platforms
“UGC”	user generated content
“XR”	extended reality

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains 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 document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and 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 statements. 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 operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;

FORWARD-LOOKING STATEMENTS

- our business strategies and plans to achieve these strategies, including our service and expansion plans;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

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 document, 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 document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in “Risk Factors.”

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

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industries in which we operate are characterized by constant changes. If we fail to continually innovate our technologies and provide useful products and services that meet the expectations of our clients, our business, financial condition and results of operations may be materially and adversely affected.

The industries in which we operate are characterized by constant changes, including rapid technological evolution, frequent introductions of new products and services, continual shifts in client demands and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to lead technological advances in order to keep our products and services innovative and competitive in the market. However, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technologies have been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. In addition, new technologies could render our existing technologies, products or services obsolete or unattractive, if we fail to keep pace. As a result, clients may no longer be attracted to our products and services, and our business, results of operations and financial condition would be materially and adversely affected.

RISK FACTORS

We rely on a limited number of media platforms to provide digital advertising services for our clients during the Track Record Period. If we fail to maintain our business relationship with such media platforms, our brand, business, financial condition and results of operations could be materially and adversely affected.

Our success may be significantly influenced by our ability to retain existing media platforms, deepen or expand our relationships with media platforms and establish cooperation relationship with new platforms in the future. Media platforms may change any of terms under our framework agreement or elect to collaborate with our competitors for more favorable economic terms. In addition, media platforms, especially leading media platforms, may place significant restrictions, including restrictions on the use of specified creative content or format, which may prohibit advertisements from specific clients or specific industries. If there is any loss or deterioration of our relationship with existing media platforms, especially leading media platforms, or if we violate the policies of any media platforms and are suspended from placing marketing spending with them, or if we fail to develop relationship with new media platforms to expand the reach of our services, we may not be able to find replacement from other media platforms in a timely and cost-effective manner, or at all. As a result, our revenue on marketing services will decrease, which may materially and adversely affect our business, results of operations and financial condition.

In addition, the rates of rebates we extend to our clients are based on a spectrum of factors including the estimated gross billing of the clients. On the other hand, the rates of rebates we receive from our media platforms are set by the media platforms themselves generally with reference to a spectrum of factors including our gross spending on the relevant platforms, the quality of our advertisements and client base, and the respective KPI policies of the media platforms. The terms of our contracts with clients may not necessarily be coterminous with or take into account the terms of our contracts with media platforms due to the time difference on entering into these contracts. As such, our formulation of client rebates may not be adjusted timely in response to the media platforms' change in policy on media platform's rebates. Furthermore, as the clients are not necessarily committed to any level of gross billing under their agreement with us, the actual media platforms' rebates we may receive from media platforms can only be ascertained after we actually derive gross billing from the clients and place that with the media platforms. As a result, the actual level of media platforms' rebates we may receive from media platforms may be lower than the actual level of media platforms' rebates we are contractually obliged to extend to our clients. Should the rebates we may receive from media platforms be insufficient to cover the client rebates we are obliged to extend to the clients, our business, results of operations and financial condition will be materially and adversely affected.

RISK FACTORS

Furthermore, if any of our leading media platforms experiences a significant decrease in its audience base, it could reduce the reach and effectiveness of advertisements placed on that platform, thereby diminishing its appeal to our clients. As a result, we may fail to retain our clients and our business, results of operations and financial condition could be materially and adversely affected. If any of our media platforms changes their mode of business which renders termination of our business relationship with them, our business will be adversely and materially affected.

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

We face intense competition in various aspects of our business, and we expect such competition to continue growing in the future. Our competitors may have longer operating histories and experience, larger client bases, greater brand recognition, more extensive commercial relationships and greater financial, technical, marketing, and other resources than we do. As a result, such competitors may be able to develop products and services better received by clients or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or client needs. In addition, some of our competitors may be able to adopt more aggressive pricing policies and offer more attractive sales terms. This could cause us to lose potential sales or compel us to sell our products and services at lower prices to remain competitive, which may have a material adverse impact on our results of operation and financial condition.

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

If we fail to maintain and grow our client base or attract new clients, results of operations and financial condition may be materially and adversely affected.

We generated revenue from providing various marketing services to clients during the Track Record Period. We do not have long-term marketing service contracts with our clients, and a majority of our marketing service contracts have a term of one year or shorter, which exposes us to the risks of uncertainty and potential volatility with respect to our revenue. This is a common market practice in the industry according to Frost & Sullivan. Clients are not obligated to engage with us on an exclusive basis and they generally use multiple marketing channels to carry out their marketing campaigns. Some clients may prefer working with various agents in order to compare performance results. If our clients determine that their marketing spending with us do not generate expected returns, they may allocate a portion or all of their marketing spending to our competitors and reduce or discontinue business with us. In addition, our clients may experience a decline of their business and slash their marketing spending. Since

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most of clients are not bound by long-term contracts with us, they may lessen or discontinue marketing arrangements with us without incurring material liabilities. Our clients may even develop direct relationship with any media platforms.

Our ability to retain existing clients and attract new ones and attract sufficient marketing spending from them depends on various factors, some of which are out of our control, including:

- our brand recognition and market presence;
- satisfaction with our marketing services, including any new services that we may develop;
- our ability to maintain our relationship with existing media platforms, especially leading media platforms, and establish collaboration with new media platforms;
- the competitiveness of our pricing and payment terms, which may, in turn, be constrained by our capital and financial resources;
- mergers, acquisitions or other consolidation among market players; and
- the effects of global economic conditions on marketing spending levels of clients generally.

Therefore, we cannot assure you that clients who spent with us in the past will continue to spend at similar levels, or that they will continue to use our services at all. Our clients may cease to engage us or may only be willing to purchase our services at a more attractive pricing term if we do not deliver services in an effective manner, or if they do not believe that their investment in marketing with us will generate a competitive campaign results compared to alternative marketing service providers. We may not be able to replace clients which decrease or cease their usage of our services with new clients that spend at similar levels or more on our services. As a result, our business, results of operations and financial condition could be materially and adversely affected.

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If we fail to maintain and enhance our brand image and generate positive publicity, or if our shareholders, directors, officers, employees, associates or business partners were involved in negative publicity and allegations, our business, results of operations and financial condition could be materially and adversely affected.

We believe that maintaining and enhancing our brand is essential for the success of our business. Our operational and financial performance is highly dependent on the strength of our brand. Our brand is critical in forging long-term relationships with both our clients and suppliers. The successful promotion of our brand image will depend largely on our continued marketing efforts, the quality of our services, and our ability to maintain market leadership. We have conducted various online and offline marketing activities. These activities, however, may not be successful or yield increased revenues. If we fail to maintain and enhance our brand, our pricing power may decline relative to that of competitors and we may lose existing or prospective clients, which could materially and adversely affect our business, results of operations and financial condition. The promotion of our brand also requires us to make substantial expenditures, and we anticipate these expenditures to increase as the markets we address become more competitive and as we expand into new markets. To the extent that these marketing activities are effective, the additional revenues generated could nevertheless be insufficient to offset the relevant increased expenses.

In addition, we cannot guarantee that our clients will be fully satisfied with our marketing services, including but not limited to our level of pricing, client support and performance of marketing campaigns. Should our clients lodge a complaint and we fail to handle such complaint effectively, our brand and reputation may suffer, clients may lose confidence in us, and they may reduce or cease their use of our services. Our success depends, in part, on our ability to generate positive feedback and minimize negative feedback. If clients are dissatisfied with any aspects of our services, their feedbacks or online commentary to this effect could negatively affect our brand and reputation. Complaints or negative publicity about us or our services could materially and adversely affect our reputation and ability to attract and retain clients, and as a result, our business, results of operations and financial condition.

Our shareholders, directors, officers, employees, associates or business partners may be subject to negative media coverage and publicity. We may also from time to time receive negative publicity, including negative posts about us, our business, our management or other stakeholders, which could threaten the perception of our brand and reputation. Negative publicity may come from malicious harassment or unfair competition acts by third parties. Such negative coverage in the media and publicity could change market perception that we are a trustworthy service provider. We may even be subject to government or regulatory investigation as a result of such negative publicity and may be required to spend significant time and incur substantial costs to defend ourselves. We cannot assure you that we will be able to defuse such negative press coverage to the satisfaction of our clients, media platforms and strategic partners. Harm to our brand and reputation can also arise for many other reasons, including misconduct of our employees or any third parties we conduct business with. As a result, our brand and reputation may suffer, our operational and financial performance may be negatively impacted, and the price of our H Shares may decline.

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Our business is subject to the risks relating to international operations, and we may continue to expand internationally, which could materially and adversely affect our business, results of operations and financial conditions.

We generated most of our revenue from the provision of overseas marketing services during the Track Record Period. As of the Latest Practicable Date, we had five overseas offices. We intend to continue to expand our global operations by enhancing our localization capabilities in each region in which we have physical presence and expanding our global reach through collaboration with local partners. We may also enter new international markets where we have limited or no experience, and the new market may not be receptive.

International operations are subject to various risks and uncertainties, and expanding our international focus may also subject us to risks that we have not encountered before or increase risks that we currently face, including:

- difficulties in selecting appropriate geographical regions for overseas expansion and understanding local market trends, customs, legal and regulatory systems and culture;
- recruiting and retaining talented and capable management and employees in foreign countries;
- competition from local service providers with a strong market presence;
- protectionist laws and business practices that favor local market players in some countries;
- challenges in identifying appropriate local or international third-party business partners and establishing and maintaining a good working relationship with them;
- political, economic and social instability in regions where we operate;
- compliance with applicable foreign laws and regulations; and
- higher operation costs associated with doing business internationally.

Our ability to continuously expand our business and the global reach of our services in an increasing number of international markets also requires considerable management attention and resources, and is subject to the challenges of supporting a growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. Our international business also subjects us to the impact of global and regional recessions and economic and political instability, differing regulatory requirements, costs and difficulties in managing a distributed workforce and potentially adverse tax consequences.

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We may incur significant operating expenses as a result of our international expansion, and it may not be successful. If we fail to deploy, manage, or oversee our international operations successfully, or if we fail to address any of the challenges and risks effectively, we may not be able to execute our growth strategies and achieve further business growth and long-term profitability. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Our improvements of existing services and products and introduction of new services and products may not be successful or may fall short of expected results.

Our success depends in large part on our ability to improve our existing services and products, introduce new services and products and enhance our market competitiveness. The success of any improvement or new services and products depends on a number of factors, including actual performance, pricing level, market competition, industry trend and client demand, many of which are beyond our control. Our future plans to improve our existing services and products and introduce new services and products, including among others, to continue expanding our coverage of clients by enriching our product offerings, broadening the scope of services and coverage of media platforms, and further strengthening our technological infrastructure.

However, our future plans may require us to devote significant financial and managerial resources, and we cannot assure you that we will achieve our goals to successfully improve our existing services and products and achieve market acceptance of our new services and products, which could compromise our ability to serve our clients effectively. If our services and products become less attractive to existing and potential clients, our business, results of operations and financial condition may be materially and adversely affected.

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

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased from RMB36,682.6 million in 2022 to RMB60,796.9 million in 2024, representing a CAGR of 28.7%.

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

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

If we are provided with inaccurate or fraudulent data, it may have a material adverse effect on our business, results of operations and financial condition.

We depend on the accuracy and genuineness of marketing performance data and other data provided by media platforms in evaluating the effectiveness of the marketing campaigns we help deliver and calculating the corresponding marketing results. However, if the marketing performance data or other data provided by media platforms or third-party platforms is inaccurate or fraudulent, we will not be able to improve precision of our marketing services, achieve better marketing performance for our clients and acquire and maintain clients' marketing spending for our media platforms. As a result, our reputation could suffer, we may lose our clients and our business, results of operations and financial condition could be materially and adversely affected.

Our investments and acquisitions may not realize the expected benefits.

We have made certain investments and acquisitions during the Track Record Period. Such investments and acquisitions may involve certain risks and uncertainties, including but not limited to failure to achieve expected business objectives (such as expanding business, securing supply and acquiring technologies), unanticipated costs, inadequate return on investment and issues not discovered during the due diligence, which may adversely affect our business, results of operations and financial condition.

In addition, we may, in the future, acquire or make investments in businesses or companies that we believe can expand and strengthen our resources, monetization abilities, and our technological capacities. Our ability to implement our acquisition strategy will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms, and within a desired time frame, and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our strategic acquisitions and investments could subject us to uncertainties and risks, including high acquisition and financing costs, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve our intended objectives, benefits or revenue-enhancing opportunities, uncertainty of entering into markets in which we have limited or no experience, and in which competitors have stronger market positions, costs associated with, and difficulties in, integrating acquired businesses and managing a larger business, and diversion of our resources and management attention. Our failure to address these uncertainties and risks may have a material adverse effect on our

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liquidity, financial condition and results of operations. Even if we are able to successfully acquire or invest in suitable businesses, we cannot assure you that we will achieve our expected returns on such acquisitions or investments.

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

We may not be able to perform sufficient quality control and safeguard advertisement compliance with policies and regulations, or to detect and filter all inappropriate advertisement creatives and advertisements produced or placed by us.

We provide digital advertising services to clients, which place advertisements through media platforms. In the production of an advertising campaign where our clients provide advertisement contents, both the clients and the media platforms are concerned about being associated with inappropriate or illegal content that may contradict with or harm their respective brands. Additionally, our clients may seek to display marketing campaigns in jurisdictions that do not permit such advertisements. Under applicable laws and regulations regarding advertisement content, we may be obligated to monitor the advertising content to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. To fulfill these monitoring functions, we generally include clauses in our advertising agreements requiring that all advertising content provided by our clients must comply with relevant laws and regulations. We have also developed a content review system that conduct health check that warns clients of any irregular parameters of their marketing campaigns before placement.

We cannot assure you that all the content contained in the clients' advertisements is true, accurate and legitimate as required by the advertising laws and regulations, especially given the uncertainty in the application of these laws and regulations. We cannot guarantee that our system will be able to detect and filter all unqualified or inappropriate advertisement creatives and marketing products placed by or through us due to the large volume of marketing activities. Consequently, our reputation depends in part on providing trusted digital marketing services to clients from our media platforms. The inability of our systems and procedures to adequately and timely discover such evasions may subject us to regulatory penalties, administrative sanctions, or penalties from our media partners. Any of these consequences may materially and adversely affect our business, results of operations and financial condition.

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Misappropriation or misuse of our creative designs by our clients may expose us to administrative penalties or other sanctions that will harm our business.

We provide and produce creative designs as part of our marketing services. Our clients may misuse our creative services to disseminate content that contains inappropriate, fraudulent or illegal information or that infringes the intellectual property rights of third parties. We cannot assure you that we will detect or be made aware of any of these potential infringements or misuse in time. In response to any allegations of fraudulent, illegal or inappropriate activities conducted through the use of our services or services or any negative media coverage about us, governmental authorities may intervene and hold us liable and subject us to administrative penalties or other sanctions, such as requiring us to discontinue our services temporarily or permanently. As a result, our reputation may suffer, and our business, results of operations and financial condition may be materially and adversely affected.

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

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

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

We adopted share incentive plans for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Group. In 2022, 2023 and 2024, we incurred equity-settled share-based payments of RMB12.1 million, RMB76.4 million and RMB172.2 million, respectively. Expenses associated with share-based compensation have affected our profitability and may continue to affect our profitability in the future. If we issue any additional securities under any share-based incentive plans we may adopt in the future, such additional securities will dilute the ownership interests of our shareholders. We believe the granting of share-based incentive awards is of significant importance to our ability to attract and retain key employees, and we plan to grant additional share-based incentive awards in the future. As a result, our share-based compensation expenses may increase, which may have an adverse effect on our results of operations.

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We recorded impairment losses recognized on non-financial assets during the Track Record Period, which may continue in the future.

We recorded impairment losses recognized on non-financial assets of RMB2,036.6 million, nil and RMB192.8 million in 2022, 2023 and 2024, respectively, which mainly arose from (i) investments in associates, (ii) goodwill and (iii) other intangible assets. As of December 31, 2024, the balances of our (i) investments in associates, (ii) goodwill and (iii) other intangible assets was RMB1,577.3 million, RMB1,756.2 million and RMB7.4 million, respectively. Therefore, we may continue to record impairment losses recognized on non-financial assets in the future, which may adversely affect our financial condition and results of operations. Our goodwill and other intangible assets with infinite useful lives are tested for impairment annually or more frequently when there is an indication that the cash-generating units (“CGU”) may be impaired. Our investments in associates are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable. We measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-financial assets also requires management judgment regarding such assets.

We may get exposed to credit risks, which could negatively impact our financial condition, results of operations and operating cash flow.

We are exposed to credit risk related to delay in payment and defaults of our clients. We generally grant credit terms of 30 to 180 days to our clients. As of December 31, 2022, 2023 and 2024, the balances of our trade receivables amounted to RMB7,317.1 million, RMB10,379.7 million and RMB11,380.0 million, respectively. Our trade receivables turnover days were 70 days, 61 days and 65 days in 2022, 2023 and 2024, respectively. In 2022, 2023 and 2024, we recognized impairment losses on trade receivables of RMB267.4 million, RMB406.8 million and RMB195.6 million, respectively.

Our trade receivables balance may continue to increase along with our business growth, which may increase our credit risks. Although we have taken various measures to monitor our outstanding trade receivables and enhance the collection of trade receivables, we cannot, however, assure you that our measures will be fruitful nor can we guarantee that clients will settle our trade receivables within the credit period, and our trade receivable balances and average turnover days may increase in the future. Moreover, macroeconomic conditions could also result in financial difficulties for our clients, including operational and liquidity difficulties, limited access to the credit markets, insolvency or bankruptcy, and as a result could cause our clients to delay payments to us or default on their payment obligations to us. Under certain circumstances, we may have to sue our clients for outstanding payments, which may cost our additional resources for the litigations. If we are unable to collect trade receivables from clients, our business, financial condition and results of operations may be materially and adversely affected.

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We incurred loss for the year during the Track Record Period, which may continue in the future.

We recorded loss for the year of RMB2,177.3 million and RMB296.9 million in 2022 and 2024, respectively, primarily due to (i) impairment losses recognized on non-financial assets arising from investment in associates, goodwill and other intangible assets and (ii) impairment losses under expected credit loss model, net of reversal arising from trade receivables, contract assets and other receivables. In determining impairment losses recognized on non-financial assets and impairment losses under expected credit loss model, net of reversal, our Directors are required to make estimates and assumptions, including estimated impairment of goodwill, estimated impairment of other intangible assets, and provision of ECL for trade receivables. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant, and may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or resulting in net losses. Please see Note 5 of the Accountants’ Report in Appendix I to this document for details. We plan to improve our profitability by implementing business initiatives of achieving sustained growth in revenue, managing gross profit profile and enhancing operating efficiency. However, our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenue may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses. We may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability.

We recorded net operating cash outflows during the Track Record Period, which may continue in the future.

We recorded net cash used in operating activities of RMB32.2 million in 2024. For details, see “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis.” Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We may continue to experience net cash outflows from our operating activities in the future and as we expand. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

The terms and conditions of our credit facilities impose customary financial covenants, and if we default on our credit facilities, it could have a material adverse effect on our results of operations and financial condition and make us vulnerable to adverse economic or industry conditions.

The terms and conditions of our credit facilities contain a number of restrictive covenants, including customary financial covenants, including covenants requiring us to maintain a minimum average deposit. If our business, results of operations or financial condition is

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adversely affected, we may be unable to maintain compliance with these covenants. A breach of any of these covenants could result in an event of default under our credit facility. Upon the occurrence of an event of default, the bank could elect to declare any and all amounts outstanding under such facility to be immediately due and payable and terminate all commitments to extend further credit. Under such circumstances, we may need to seek alternate financing sources to fund our ongoing operations and to repay amounts outstanding and satisfy our other obligations under our existing credit facilities. Such financing may not be available on favorable terms, if at all. Consequently, we may be restricted in how we fund ongoing operations and strategic initiatives and deploy capital, and in our ability to make acquisitions and to pay dividends. As a result, our business, results of operations and financial condition may be further adversely affected if we are unable to maintain compliance with the covenants under our credit facilities.

Our financial assets measured at fair value are subject to uncertainties in accounting estimates. Fluctuations in the changes in fair value of such financial assets would affect our financial results.

We made investments in certain equity and debt instruments during the Track Record Period. We recorded a carrying amount of financial assets at fair value through profit or loss (“FVTPL”) of RMB1,796.6 million, RMB1,874.4 million and RMB983.2 million as of December 31, 2022, 2023 and 2024, respectively. We recorded a carrying amount of equity instruments at fair value through other comprehensive income (“FVTOCI”) of RMB332.8 million, RMB207.7 million and RMB136.1 million as of December 31, 2022, 2023 and 2024, respectively. For further details, see “Financial Information — Selected Balance Sheet Items.”

Going forward, we may continue to invest in equity and debt instruments. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, fluctuations in foreign exchange, stability of the capital markets and regulatory environment, will result in fair value gains on equity and debt instruments we invest in or we will not incur any fair value losses on our investments in the equity and debt instruments in the future. If we incur such fair value losses, our financial conditions and results of operations may be materially and adversely affected. These investments may earn yields substantially lower than anticipated, and the fair values of these equity and debt instruments may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these equity and debt instruments may materially and adversely affect our business and financial conditions. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease.

We may face risks regarding to the recoverability of deferred tax assets.

We had deferred tax assets of RMB272.0 million, RMB430.5 million and RMB522.9 million as of December 31, 2022, 2023 and 2024, respectively. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Significant management judgment is required to determine the

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amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profits of the individual entities together with related tax planning strategies. Although we estimate and recognize the deferred tax assets in good faith, we cannot assure you that we will generate sufficient taxable profits in the future to fully utilize the deferred tax assets. In the case that the value of deferred tax assets has changed, we may have to write down the deferred tax assets, which may affect our expenditure, profit and loss and financial condition in that specific financial year.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial conditions and results of operations.

During the Track Record Period, we received government grants, many of which are non-recurring in nature. In 2022, 2023 and 2024, the government grants we recognized as other income amounted to RMB87.2 million, RMB83.7 million and RMB20.3 million, respectively. In addition, we and certain subsidiaries of ours are subject to preferential income tax treatments. Please see “Financial Information — Principal Components of Consolidated Statements of Profit or Loss — Income Tax Credit/(Expense)” for details.

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial conditions, results of operations and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial conditions, results of operations and prospects.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial conditions.

Our contract liabilities primarily arise from advance payments of the contract from clients based on billing schedule as set out in the contracts. We recorded contract liabilities of RMB692.5 million, RMB426.9 million and RMB1,045.9 million as of December 31, 2022, 2023 and 2024, respectively. Please see “Financial Information — Selected Balance Sheet Items — Net Current Assets — Contract Liabilities” for details.

There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our clients. As a result, our liquidity and financial conditions may be adversely affected.

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Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As of December 31, 2022, 2023 and 2024, our borrowings amounted to RMB2,415.5 million, RMB2,190.6 million and RMB1,812.1 million, respectively. As of the same dates, the annual interest rate of our fixed-rate borrowings ranged from 1.75% to 6.00%, 3.10% to 6.00% and 2.90% to 6.39%, respectively, and the annual interest rate of our variable-rate borrowings was 5.00%, 2.70% to 5.00% and 2.70% to 4.55%, respectively.

We are exposed to interest rate risk resulting from interest rate fluctuations. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We cannot assure you that we will not have a substantial amount of borrowings in the future. The high amount of borrowings may (i) make it more difficult for us to fulfill our obligations under relevant indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern; (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) expose us to higher pressure under adverse economic or industry conditions; (iv) limit our flexibility in planning for strategic targets, or reacting to changes in our business or in the industry in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or equipment requirement for our production; and (ix) limit our finance budget, each of which will materially and adversely impact our business, results of operations and financial condition.

As a result of the covenants and restrictions, our business may be limited, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants could result in a default with respect to the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debt payments are accelerated and become immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

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

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

We face risks in connection with Third-Party Payment Arrangements.

During the Track Record Period, certain of our clients settled their payments with us through third-party payors (the “Third-Party Payment Arrangement(s)”).

We are subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

If we fail to obtain or maintain requisite approvals, licenses or permits applicable to our business, it may have a material adverse effect on our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense, and any noncompliance may expose us to liability. We have designed and adopted strict internal procedures to ensure compliance of our business operations with all relevant laws and regulations, and to ensure that we obtain necessary approvals, licenses, permits and certifications for our business operations. However, we cannot guarantee that we will be able to obtain and maintain all requisite approvals, licenses, permits and certifications. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in

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may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the industries in which we operate continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented from time to time. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of noncompliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, If we fail to obtain or maintain the necessary approvals, licenses, permits and certifications required by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See "Regulatory Overview" for further details on the requisite approvals, licenses, permits and certifications for business operations. We may also experience adverse publicity arising from noncompliance with government regulations, which would negatively impact our reputation.

Our operations rely on IT systems and networks, and any IT system failures, network disruptions or cybersecurity breaches may affect our business.

We rely extensively on IT systems, some of which are supported by third-party vendors, to manage and operate our business. If these systems malfunction, cease or experience interruptions in normal operations, experience security breaches or do not provide the anticipated benefits, our ability to manage our operations could be impaired, which could have an adverse impact on our operations and financial condition. If the software installed on the computers used by us and our employees is not properly authorized or licensed, we may be subject to claims or litigations from software vendors. We may be subject to IT system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecom failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or other events. We have business continuity and disaster recovery ability, which may not be sufficient for managing operational disruptions resulting from circumstances beyond our control.

Our IT systems may be subject to computer viruses, malicious codes, unauthorized access, phishing and other cyberattacks. We continue to assess potential threats and adopt proper measures to address these threats. However, because the techniques used in these cyberattacks change frequently and may be difficult to detect for periods of time, we may face difficulties in implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks. However, we cannot guarantee that our efforts will prevent attacks or breakdowns to our or our third-party providers' databases or systems. In the future, we may also grant clients access to our application programming interfaces, or APIs. The increased use of APIs increases security and operational risks to our systems, including the risk for intrusion attacks, data theft, or denial of service attacks. This will increase the risk of overusing our systems, potentially causing outages. If the IT systems, networks or service providers we rely upon fail to function properly and we do not effectively

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address these failures on a timely basis, we may be exposed to business harm as well as litigation and regulatory action, including administrative fines, which could adversely affect our business and financial condition.

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

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

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

Additionally, such hardware, software and data may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of such hardware, software or cloud computing platforms, this could significantly increase our expenses or otherwise result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained through purchase or license and integrated into our services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our clients. Further, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third party to provide the agreed services, and have a material adverse effect on the services we provide to our clients and our results of operations.

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If we become a party or are subject to litigation, legal disputes, claims, administrative proceedings or other administrative measures, such involvement may divert our management’s attention and result in costs and liabilities.

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. On-going litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management’s attention and consume their time and our other resources. Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected. In July and December 2023, respectively, the Beijing Securities Regulatory Bureau of the CSRC and Shenzhen Stock Exchange each issued a letter of caution (collectively, the “**Caution Letters**”) to us and three of our executive Directors which identified five issues of concern, being (i) inaccurate recognition of certain goodwill impairment charges in 2022; (ii) inappropriate accounting treatment of impairment of certain intangible assets; (iii) inappropriate timing in recognizing impairment of certain long-term equity investments; (iv) inappropriate timing in recognizing impairment of certain other receivables; and (v) inappropriate accounting treatment of certain compensation expenses (the “**Concerned Matters**”). According to our PRC Legal Advisor, the Caution Letters and Concerned Matters were not regarded as a form of administrative penalty and are not regarded as material non-compliance, and the Company has completed the rectification of all matters as set out in the Concerned Letters in the prescribed time frame and submitted a rectification report to the Beijing Office of CSRC. As of the Latest Practicable Date, no fine or penalty has been imposed on us in respect of the above issues. However, we cannot guarantee that fine or penalty will not be imposed upon us in the future.

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Misconduct or non-compliance with law on the part of any employee, associates or other third parties with which we conduct business or have relationships with could disrupt our business and adversely affect our results of operations and financial condition.

Misconduct or non-compliance by our employees could subject us to liability or negative publicity. Although we have implemented strict human resources risk management policies, and we have in place an employee handbook approved by our management and distributed to all our employees, which contains broad internal rules and guidelines and cover areas such as best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, there can be no assurance that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, financial condition and results of operations.

Misconduct or non-compliance by associates or other third parties could subject us to disruption of business, negative publicity or liability. Although we have strict standards to choose our business partners, we cannot assure you that our business partners will not engage in misconduct or non-compliance. Any misconduct or non-compliance by our business partners involved in our business or other third parties that have relationships with us may affect our business activities and reputation, which may, in turn, affect our business, results of operations and financial condition.

We may not be able to prevent others from making unauthorized use of our intellectual property.

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

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

We depend in part on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that third parties will not put forward claims that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Our marketing services may become involved in litigious proceedings relating to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and violations of rights of third parties. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

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

We are subject to the Foreign Corrupt Practices Act, and similar anti-corruption and anti-bribery laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-corruption, anti-bribery, and anti-money laundering laws in various jurisdictions where we conduct activities. Non-compliance with these laws could subject us to whistleblower complaints, negative media coverage, investigations, and severe administrative, civil, and criminal sanctions. Additionally, there might be collateral consequences, remedial measures, and significant legal expenses, all of which could materially and adversely affect our business operations and reputation. While we have internal policies in place to ensure compliance, we cannot assure you that there will be no violation by any of our shareholders, directors, officers, employees, agents, and other parties who act on our behalf. If this occurs, we and/or our relevant personnel may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, financial condition, results of operations and prospects.

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We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control, economic or trade sanctions and investment restrictions.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial conditions and results of operations could be adversely affected.

In recent years, complexities in international relations, such as the geopolitical tensions between China and the U.S., have presented new challenges and ongoing uncertainties. For example, in April 2025, the U.S. government announced substantial new tariffs affecting a wide range of products and jurisdictions and has indicated an intention to continue developing new trade policies. In response, certain other governments announced or implemented retaliatory tariffs and other protectionist measures. In May 2025, China and the U.S. made an announcement on a joint statement to substantially move down the tariff levels. These circumstances could reduce levels of international trade, investment, technological exchange, and other economic activities. They might also lead to changes in political and economic relations between countries, sanctions, export controls, and other geopolitical issues. These developments have created a dynamic and unpredictable trade landscape, which may adversely impact our business, financial conditions, results of operations and prospects.

Our operations may subject us to export control and sanctions risks. We operate in a number of countries and regions and are therefore subject to the relevant export control and sanctions laws and regulations promulgated by different governments and organizations, such as the U.S. These laws and regulations are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. Therefore, such restrictions, and any future export control, sanctions laws, regulations and restrictions imposed by the U.S. or other governments or organizations may be difficult or costly to comply with, and may materially and adversely affect our operations.

Additionally, as our business is closely interrelated with our clients and suppliers, if our clients and suppliers are subject to restrictive measures of trade protection or export control, such as the implementation of any new tariffs, legislation or regulations, including those imposing economic or trade sanctions and those regarding export control or outbound investments, and/or renegotiation of existing trade agreements, our business, financial conditions and results of operations could be materially and adversely affected.

Moreover, we may be subject to review and enforcement under domestic and foreign laws that screen foreign investment and acquisitions. In both the U.S. and non-U.S. jurisdictions, these regulatory requirements may treat companies differently based on the type of company in question and investor profile in the company. As a result of these laws, investments by particular investors may need to be filed with local regulators, which in turn may impact our financing and operations; and investments by particular investors may be prohibited, which limits our ability to engage in strategic transactions that might otherwise be beneficial to us and

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our investors. These laws are also regularly changed and updated. For example, recently issued U.S. government regulations, such as a final rule (the “Final Rule”) implementing Executive Order 14105 which took effect in January 2025, will restrict direct and indirect investment by U.S. persons (as defined under the Final Rule) into companies with specified connections to China that use specific technologies of concern. Notably, on February 21, 2025, the U.S. government issued the “America First Investment Policy” proposing to further expand the set of technologies of concern. These rules may limit our ability to raise capital from U.S. and other sources. The interpretation and enforcement of these rules are evolving and unclear. If there are any such changes in the future, either to the rules or to our business, our future fundraising activities may potentially be subject to restrictions regarding investments or otherwise. Continuing changes in both U.S. and non-U.S. jurisdictions to foreign investment laws and rules could adversely affect our strategic initiatives, financial performance and growth prospects.

Trade disputes, tariffs, export controls, sanctions, investment restrictions and other political tensions between the U.S. and other countries may also exacerbate unfavorable macroeconomic conditions including inflationary pressures, foreign exchange volatility, financial market instability, and economic recessions or downturns. While we actively monitor these risks, any prolonged economic downturn or escalation in trade tensions could materially and adversely affect our business, ability to access the capital markets or other financing sources, financial conditions, results of operations and prospects.

If we lose the services of any of our senior management, or are unable to retain, recruit and hire experienced staff and R&D personnel, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

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

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

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

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

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

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We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

We have historically financed our operations through cash generated from our operating activities and bank loans. We believe that considering our current cash and cash equivalents, anticipated cash flow from operating activities and estimated net [REDACTED] from the [REDACTED], we have sufficient funds to meet our anticipated cash needs for the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any launch of new products and services, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. Moreover, if we raise additional capital by issuing shares or securities convertible into equity securities, the ownership of our existing Shareholders may be diluted. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business and will require interest and principal payments for relevant indebtedness that could create additional cash demands and financial risk for us.

Our business growth and results of operations may be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global and regional macroeconomic conditions including fluctuation of interest rates, inflation level, conditions in the industries in which we operate, unemployment, labor and healthcare costs, access to credit, consumer confidence and other factors beyond our control may pose risks and materially and adversely affect the demand for our products and services. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, financial conditions, results of operations and prospects.

The increasing awareness of ESG issues may lead to the adoption of more stringent laws and regulations and increase our compliance costs.

With the rising awareness of ESG issues, including with respect to greenhouse gas emissions and environmental protection, any adoption of more stringent laws and regulations may affect our business operations. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us, as described in “Business — Environmental, Social and Governance — Environment Protection Initiatives.” We cannot assure you that these risk management

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measures can effectively mitigate the relevant risks. Revisions to existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

Data protection, cybersecurity, privacy and similar laws in China and other jurisdictions regulate the collection, use and disclosure of information and data, and failure to comply with or adapt to revisions to these laws could materially and adversely harm our business.

The PRC government in recent years has enacted a series of laws and regulations on the cybersecurity and data protection to which we may be subject. The Cybersecurity Review Measures, promulgated by the Cyberspace Administration of China on December 28, 2021 and came into effect on February 15, 2022, requires (i) network platform operators who carry out data processing activities and (ii) any “operator of critical information infrastructure” to conduct a cybersecurity review if they will affect or may affect national security. In addition, any failure or delay in the completion of the cyber security review procedures or any other noncompliance or perceived noncompliance with the Cybersecurity Law of the People’s Republic of China or related regulations may prevent us from using or providing certain services, and may result in fines or other penalties by PRC regulatory authority, clients or others, such as making certain required rectification, suspending our related business, taking down our operations and bringing actions against us.

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

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

Our business operations involve data processing activities, including data collection either by ourselves or from third parties, data storage and analysis. We also store client data in our systems and process de-identified end-user user data shared by third-party media platforms. We have technically anonymized the aforementioned end-user data. We have adopted various measures, such as establishing a data compliance system and designating a person in charge, to ensure data compliance. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with all material aspects of applicable PRC laws and regulations with respect to privacy and personal data protection. However, we cannot assure that our privacy and data protection measures will

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always be considered sufficient in all aspects under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation and deter current and potential clients from using our services, which will adversely affect our business, results of operations and financial condition.

Failure to comply with PRC property-related laws and regulations regarding certain owned and leased properties may adversely affect our business.

We lease properties in China in connection with our business operations. Some of these properties do not meet certain property-related requirements under PRC laws and regulations.

As of the Latest Practicable Date, 16 of our leased properties for operation were not registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisor has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases but could result in the imposition of fines ranging from RMB1,000 to RMB10,000 for each lease agreement that is unregistered if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities.

Furthermore, as of the Latest Practicable Date, two of the lessors of our lease properties have not provided us with the property ownership certificate or any other relevant authorization documents evidencing the rights of lessors to lease the properties. If the lessor is not the owner of the property and the lessor has not obtained consent from the owner or their lessor, our lease could be invalidated or terminated as a result of challenges by third parties. If that occurs, we may have to renegotiate the leases with the landlords or other parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Although we may seek damages from such lessors, such leases may be void and we may be forced to relocate, which may negatively influence our operations.

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

We use open-source software in our business and expect to continue to use open-source software in the future. Although we monitor our use of open-source software to avoid subjecting our software to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products. In such an event, we may be required to seek licenses from third parties to continue commercially offering our software, to make our proprietary code generally available in source code form, to re-engineer our software or to discontinue the sale of our software if re-engineering can not be accomplished on a timely basis, any of which could adversely affect our business and revenue.

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

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

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

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

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Macroeconomic factors have had and may continue to have a material and adverse effect upon our business, financial condition and results of operations.

Our industry is affected by macroeconomic factors, including changes in international, national, regional and local economic conditions, employment levels and consumer spending patterns. Any deterioration of the global economy, decrease in disposable consumer income, fear of recession and decreases in consumer confidence may lead to a reduction of the amount of clients in choosing our products and services. These macroeconomic factors could materially and adversely affect our financial condition and results of operations.

Moreover, the occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit generally may have a material and adverse impact on financing available to us. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial conditions, results of operations and prospects.

The majority of our business assets are located in China and a portion of our revenue is currently derived from mainland China. Accordingly, our business, financial conditions, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial conditions. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. Please see “Regulatory Overview.” Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

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

Marketing may result in litigation relating to copyright or trademark infringement, public performance royalties or other claims based on the nature and content of advertising that is distributed by us. Our Legal Advisor has advised that under the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “Advertising Law”), where an advertising operator provides advertising design, production or agency services with respect to an advertisement, it shall ensure that the advertisement that it prepares or distributes is true and in compliance with

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

As our marketing services involve the provision of “advertisement design, production and agency services” to advertisers, we are deemed an “advertising operator” under the Advertising Law. We cannot assure you that the online marketing content, of marketing services, that we prepare and distribute complies with all applicable laws and regulations, or that the supporting documentation provided by our clients is true and legal. Though we contractually require clients to represent to us that they ensure that their advertisements comply with applicable laws and regulations, and implement a strict review process, we do not independently verify whether we are permitted to deliver, or verify the content of, such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. In addition, our internal control measures for advertising business compliance may not be adequate to identify all content involving offensive language or violations of regulations or internal policies of media platforms, and the media platforms may take down the advertising campaigns or shut down the accounts of the advertisers. See “Business — Risk Management and Internal Control.” While our clients are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to administrative penalties, civil liabilities, and settlement costs, we may be responsible for our own litigation costs, which can be expensive. Moreover, we leverage AI to generate marketing creative for our clients. Our PRC Legal Advisor has confirmed that clients who use these services will still be considered advertisers under the Advertising Law. However, if the content generated or distributed by these services violates relevant laws, and if we fail to prove that such violation arises out of the content provided or approved by clients, we may not be able to seek indemnification from them. In addition, in such cases, our clients may seek

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compensation from us even if there is no compensation clause in the agreement, and we may not be successful in defending ourselves. This could lead to negative publicity, monetary damages, and legal defense costs.

Developments in the legal systems of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

We are subject to evolving laws and regulations in markets where we operate. Laws and regulations that are recently enacted in our industry may not comprehensively cover all aspects of economic activities. In particular, the interpretation and enforcement of these laws and regulations may be subject to future implementations. We cannot predict the effect of future legislative developments in the jurisdiction where we operate, including the enactment of new laws, amendments to existing laws or the interpretation or enforcement thereof.

Changes to laws and regulations applicable to our industry could lead to new and unexpected challenges. The history of prior enforcement activity, or lack of enforcement activity, cannot be predictive of future enforcement actions. Therefore, our business operations are subject to increased uncertainties and risks. Any enforcement actions against us could have a material adverse effect on us. Any litigation or governmental investigation or enforcement proceedings may be protracted and may result in substantial cost, diversion of resources and management attention, negative publicity, and damage to reputation. As a result, our business, results of operations and financial condition may be adversely affected.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial conditions and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor’s jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not

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effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

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If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of mainland China with “de facto management bodies” located in mainland China may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局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》) (Guo Shui Fa [2009] No. 82) (the “**Circular 82**”), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within mainland China as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within mainland China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in mainland China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within mainland China; and (iv) at least half of the directors with voting rights or senior management reside within mainland China. The SAT has subsequently provided further guidance on the implementation of Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries’ global income, except that the dividends they receive from our mainland China subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

We are subject to the currency exchange regulatory system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance

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approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

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

A portion of our revenue and expenditures were denominated in Renminbi. Any significant revaluation of the Renminbi may adversely affect our financial conditions and results of operations.

Additionally, the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial conditions or results of operations.

You may encounter difficulty in effecting service of legal process upon, and enforcing foreign judgments against, us, our Directors, Supervisors and senior management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may be complex for investors to effect service of process upon or to enforce judgments outside of mainland China against us and most of our Directors and senior management outside China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in mainland China only if the jurisdiction has a treaty with mainland China or if the jurisdiction has been otherwise deemed by the courts of mainland China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, mainland China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in mainland China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On July 3, 2008, the Supreme People’s Court

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promulgated the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (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 “2008 Arrangement”). Under the 2008 Arrangement, where any designated court of mainland China or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of mainland China or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 25, 2024, the Supreme People’s Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “2024 Arrangement”), which became effective on January 29, 2024. The 2024 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a “choice of court agreement in writing” within the meaning of 2008 Arrangement which is made before the effective date of 2024 Arrangement.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《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》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share [REDACTED] company upon the completion of the [REDACTED]. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that the H shares incentive plans we implement in the future will comply with relevant arrangement under PRC law. In addition, the STA has issued certain circulars concerning employee share

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options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which had become effective on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. See “Regulatory Overview — Regulations on Securities and Overseas Listing” for details. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China and [REDACTED].

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the ChiNext Market of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext Market of the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED]. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have different [REDACTED], liquidity and [REDACTED] bases, as well as different levels of retail and

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institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] at which our H Shares will be traded following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The price and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of the shares of other companies engaging in similar business may also affect the price and [REDACTED] of our H Shares. In addition to market and industry factors, the price and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our business performance.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of mainland China, the payment of dividends may be subject to certain

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limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board of Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board of Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of mainland China. For details, see “Financial Information — Dividends and Dividends Policy.” No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The initial [REDACTED] of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the [REDACTED]. Therefore, [REDACTED] of our H Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider [REDACTED] and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. [REDACTED] of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of our H Shares or other securities relating to our H Shares in the public market by our Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders’ interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [REDACTED].

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In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [REDACTED]. Any sale of the H Shares [REDACTED] by such investors pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government, official sources and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting 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. Nevertheless, information from government and official sources have not been independently verified by us, the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] 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 [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance.

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You should not place any reliance on any information released by us in connection with the listing of our A Shares.

As our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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

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

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Given that (i) our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, namely in the PRC; (ii) our executive Directors and members of the senior management team principally reside in the PRC; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy planning, business development and control of the Group’s businesses and it is important for them to remain in close proximity to the Group’s operations located in the PRC, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives. At present, our two authorized representatives are Dr. Qin Feng, our vice president, secretary to the Board and our company secretary, and Ms. Leung Wing Han Sharon, our company secretary;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and contact address (if

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

different from the residential address)) to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

- (c) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Guotai Junan Capital Limited as our compliance advisor (the “**Compliance Advisor**”), who will act as an additional channel of communication with the Hong Kong Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. The Compliance Advisor will maintain constant contact with the authorized representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Hong Kong Listing Rules; and
- (e) meetings between the Hong Kong Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorized representatives and/or our Compliance Advisor.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

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

Pursuant to Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Dr. Qin Feng (“**Dr. Qin**”) as one of our joint company secretaries. Dr. Qin has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Leung Wing Han Sharon (“**Ms. Leung**”), a fellow of both The Hong

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Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Dr. Qin for an initial period of three years from the [REDACTED] to enable Dr. Qin to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details of their biographies, see “Directors and Senior Management — Joint Company Secretaries” in this document.

Given Ms. Leung’s professional qualification and experience, she will be able to explain to both Dr. Qin and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Leung will also assist Dr. Qin in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Dr. Qin is expected to work closely with Ms. Leung and will maintain regular contact with Ms. Leung. In addition, Dr. Qin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED] Date. He will also be assisted by the Compliance Advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Dr. Qin does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Dr. Qin may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Dr. Qin must be assisted by Ms. Leung who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Leung ceases to provide assistance to Dr. Qin as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Dr. Qin will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Dr. Qin, having benefited from the assistance of Ms. Leung for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

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WAIVER IN RELATION TO POST-TRP ACQUISITION

Rules 4.04(2) and 4.04(4) of the Listing Rules require that a new applicant includes in its accountants’ report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of its listing documents.

Pursuant to Note (4) to Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant’s trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c) (i) where a new applicant’s principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rule 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, “control” means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or

(ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not

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available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target’s books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

Background of the Post-TRP Acquisition

In June 2025, we entered into a share purchase agreement in respect of the acquisition (the “**Post-TRP Acquisition**”) of 75% of the issued share capital of Aries International Ltd. (“**Aries International**”). As of the Latest Practicable Date and immediately before the completion of the Post-TRP Acquisition, we owned 25% of the issued share capital of Aries International. Upon completion of the Post-TRP Acquisition, Aries International will become our indirectly wholly-owned subsidiary and its financial results will be consolidated into those of our Group.

To the best of the Directors’ knowledge, the seller in the Post-TRP Acquisition is ultimately controlled by a director of our subsidiary.

Aries International, incorporated in the Cayman Islands, is principally engaged in the provision of financial PR and corporate communications services, primarily in the greater China area. The consideration for the Post-TRP Acquisition is approximately US\$1.63 million, which was determined through arm’s length commercial negotiations and is expected to be settled in cash using the Company’s internal resources. The Company will not use any [REDACTED] from the [REDACTED] to fund the Post-TRP Acquisition. The Post-TRP Acquisition is expected to be completed within the third quarter of 2025.

According to the unaudited financial information of Aries International for the year ended December 31, 2024, its total assets amounted to approximately RMB73.3 million as of December 31, 2024; its revenue for the year ended December 31, 2024 amounted to RMB60.5 million; and its net loss for the year ended December 31, 2024 amounted to RMB14.8 million and its net profit for the year ended December 31, 2023 amounted to RMB 4.3 million.

Reasons and Benefits of the Post-TRP Acquisition

The Post-TRP Acquisition is aligned with our Group’s strategic goal of expanding its financial PR segment and achieving further integration within the PR business. Our Company believes that increasing our stake in Aries International will strengthen our Group’s service portfolio and enhance our competitiveness in the financial PR sector. Our Board considered that the Post-TRP Acquisition is on normal commercial terms, fair and reasonable and in the interest of our Company and our Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Conditions to the waiver granted by the Stock Exchange

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Post-TRP Acquisition on the following grounds:

(a) Immateriality

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios in relation to the Post-TRP Acquisition are below 5% by reference to the most recent audited financial year of the Track Record Period. Therefore, we consider the Post-TRP Acquisition to be immaterial in the context of our Company’s operations as a whole and will not result in any significant change to our financial position since December 31, 2024. All information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of the Company’s activities or financial position has been included in this document. As such, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules would not prejudice the interests of the [REDACTED] public.

(b) Undue burden to obtain and prepare historical financial information of the target company to be acquired

Since the Post-TRP Acquisition was only entered into in June 2025 and had not been completed as of the Latest Practicable Date and our Group was not previously involved in the day-to-day management of Aries International, it will require considerable time and resources for our Company and the reporting accountant to fully familiarize with the accounting policies of Aries International and to gather and compile the necessary financial information and supporting documents for disclosure in this document. As such, it would be impracticable within the tight timeframe between the completion of the Post-TRP Acquisition (which is currently expected to take place within the third quarter of 2025) and the [REDACTED] for our Company to disclose the financial information of Aries International for each of the three financial years immediately preceding the issue of this document.

Accordingly, having considered the immateriality of the Post-TRP Acquisition as well as the time and resources required to obtain, compile and audit such historical information in conformity with the Company’s accounting policies, it would be unduly burdensome for the Company to prepare and include the financial information of Aries International in this document as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

(c) Alternative disclosure in this document

The Company has provided alternative information about the Post-TRP Acquisition in this document. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, descriptions of the principal business activities of Aries International, the consideration for the Post-TRP Acquisition, and a statement that whether the counterparty is an Independent Third Party. Since the relevant percentage ratios of the Post-TRP Acquisition is less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of the Company.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Zhao Wenquan (趙文權)	Room 401, Unit 1 Building 24 Debao Xinyuan Xicheng District Beijing PRC	Chinese

Mr. Xiong Jian (熊劍)	Room 1301, Unit 1 Building 9, Yard 2 Jiangfu South Street Chaoyang District Beijing PRC	Chinese

Mr. Pan Anmin (潘安民)	Room 1502, Unit 1 Building 12, Yard 2 Jiangfu South Street Chaoyang District Beijing PRC	Chinese

Ms. Chen Jianhong (陳劍虹)	East 362 Napa Irvine No. 1, Youdi Road Shunyi District Beijing PRC	Chinese

Non-executive Director

Dr. Zhao Xinge (趙欣舸)	Room 1002 Building 23, Lane 1599 Dingxiang Road Pudong New Area Shanghai PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent non-executive Directors

Dr. Wu Zhipan (吳志攀)	Room 1604 Building 11 Zhongguancun Lanqiying Teachers’ Community Haidian District Beijing PRC	Chinese
Ms. Yan Mei (閻梅)	Room 2-301 Building 7, Yard 6 Zhengguosi North Street Fengtai District Beijing PRC	Chinese
Mr. Zhao Guodong (趙國棟)	Room 101, Unit 4 Building 6, Area 1 Yuquan Xili Shijingshan District Beijing PRC	Chinese
Mr. Gang Dongjun (岡棟俊)	Flat A, 17/F Block 5, Leighton Hill 2B Broadwood Road Hong Kong	Chinese Hong Kong

For details with respect to our Directors, see “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Huatai Financial Holdings

(Hong Kong) Limited

62/F, The Center

99 Queen’s Road Central

Central

Hong Kong

Guotai Junan Capital Limited

27/F Low Block

Grand Millennium Plaza

181 Queen’s Road Central

Hong Kong

China Renaissance Securities

(Hong Kong) Limited

Units 8107-08, Level 81

International Commerce Centre

1 Austin Road West

Kowloon

Hong Kong

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:

Paul Hastings

22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices

12-15th Floor
China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Joint Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:

Jia Yuan Law Office

Suites 3502-03, 35/F

One Exchange Square

8 Connaught Place, Central

Hong Kong

As to PRC law:

Tian Yuan Law Firm

Suite 509 Tower A

Corporate Square

35 Financial Street

Xicheng District

Beijing

PRC

Auditor and Reporting Accountant

Baker Tilly Hong Kong Limited

(Certified Public Accountants)

Level 8

K11 ATELIER King’s Road

728 King’s Road

Quarry Bay

Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

2504, Wheelock Square

No. 1717, Nanjing West Road

Jingan District

Shanghai

PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office

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Chaoyang District
Beijing
PRC

**Headquarters and Principal Place of
Business in the PRC**

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Hengtong International Innovation Park
No. 9 Jiuxianqiao North Road
Chaoyang District
Beijing
PRC

Principal Place of Business in Hong Kong

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33 Hysan Avenue
Causeway Bay
Hong Kong

Company’s Website

www.bluefocusgroup.com
*(The information on the website does not
form part of this document)*

Joint Company Secretaries

Dr. Qin Feng (秦峰)
Room 2010
Jinfeng Apartment
No. 6 Caihong Road
Chaoyang District
Beijing
PRC

Ms. Leung Wing Han Sharon (梁穎嫻)
(FCG, HKFCG)
Room 1920
19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Dr. Qin Feng (秦峰)

Room 2010
Jinfeng Apartment
No. 6 Caihong Road
Chaoyang District
Beijing
PRC

Ms. Leung Wing Han Sharon (梁穎嫻)

Room 1920
19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Audit Committee

Ms. Yan Mei (閔梅) (*Chairperson*)

Mr. Zhao Guodong (趙國棟)

Dr. Zhao Xinge (趙欣軻)

Remuneration and Appraisal Committee

Mr. Zhao Guodong (趙國棟) (*Chairperson*)

Dr. Wu Zhipan (吳志攀)

Ms. Chen Jianhong (陳劍虹)

Nomination Committee

Dr. Wu Zhipan (吳志攀) (*Chairperson*)

Ms. Yan Mei (閔梅)

Mr. Xiong Jian (熊劍)

Mr. Gang Dongjun (岡棟俊)

Strategy and Investment Committee

Mr. Xiong Jian (熊劍) (*Chairperson*)

Dr. Zhao Xinge (趙欣軻)

Mr. Pan Anmin (潘安民)

[REDACTED]

Compliance Advisor

Guotai Junan Capital Limited

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

Principal Banks

**SPD Bank Beijing Electronics
City Sub-branch**

Building B1, Hengtong Business Park
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Chaoyang District, Beijing
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the industry report commissioned by us and independently prepared by Frost & Sullivan, in connection with the [REDACTED]. In addition, certain information is based on, derived or extracted from, among other sources, publications of different government authorities and internal organizations, market statistics providers, communications with various PRC government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], or any of their respective directors, advisers and affiliates, or any other person or parties involved in the [REDACTED], and no representation is given as to their accuracy.

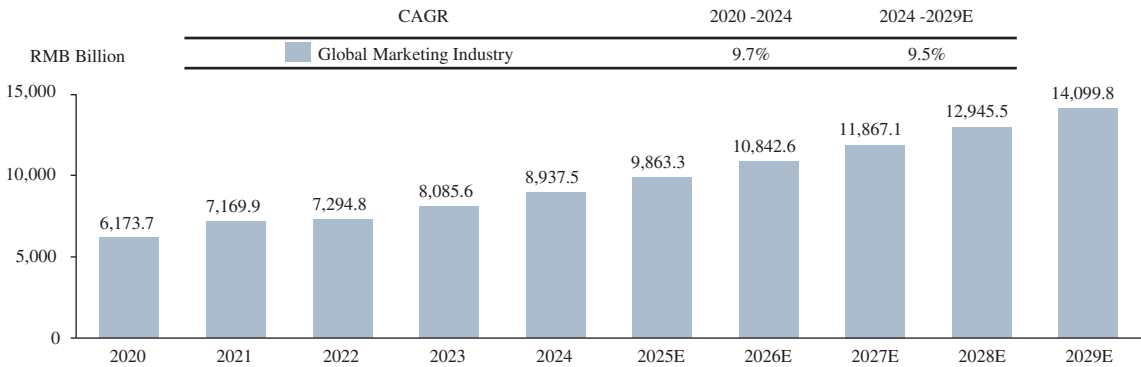
INTRODUCTION OF MARKETING INDUSTRY

Marketing refers to a series of marketing activities centered around a client’s brands or products. It encompasses all marketing services, from preliminary research and strategic positioning to creative planning, campaign execution, and performance monitoring. The objective is to help brands achieve market growth and sustainable development.

Market Size of Global Marketing Industry

The global marketing industry has experienced steady growth, driven by advancements in digital transformation, the rising adoption of AI-driven solutions, and increasing demand for end-to-end services across industries.

Market Size of Global Marketing Industry, by Revenue, 2020-2029E



Note: The exchange rate used in the report is 1 USD = 7.12 RMB, according to the PRC Foreign Exchange Trading System.

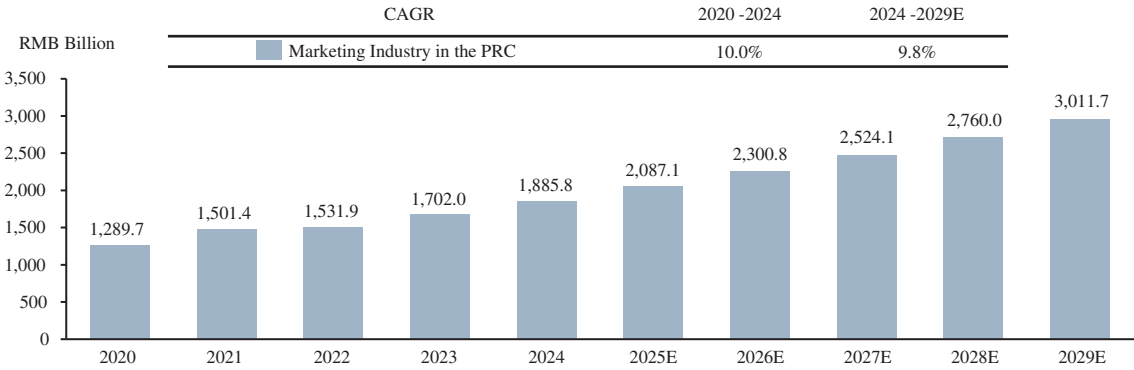
Source: Frost & Sullivan

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MARKET SIZE OF MARKETING INDUSTRY IN THE PRC

The marketing industry in the PRC has demonstrated sustained growth and is expected to maintain its upward trajectory, supported by policy incentives, increasing corporate demand for brand building and digital transformation, as well as evolving consumer expectations for cultural relevance, emotional engagement, and a balance between affordability and quality.

Market Size of Marketing Industry in the PRC, by Revenue, 2020-2029E



Source: Frost & Sullivan

OVERVIEW OF OVERSEAS MARKETING SERVICES INDUSTRY

Definition

Overseas marketing services refer to marketing activities conducted by enterprises in the PRC overseas markets. It involves the use of multiple digital channels to achieve brand awareness, product promotion, and user acquisition. Key characteristics include cross-lingual communication, cultural adaptation, multi-platform delivery, and data-driven optimization. It is widely adopted in sectors such as e-commerce, gaming, mobile applications, and consumer goods.

Market Size of Overseas Marketing Services Industry from the PRC

The growth of overseas marketing service industry in China was primarily driven by increasing advertising budgets from outbound sectors such as overseas e-commerce, gaming, and mobile applications. The rapid expansion of global media platforms further encouraged Chinese companies to scale up their investments in social and programmatic advertising.

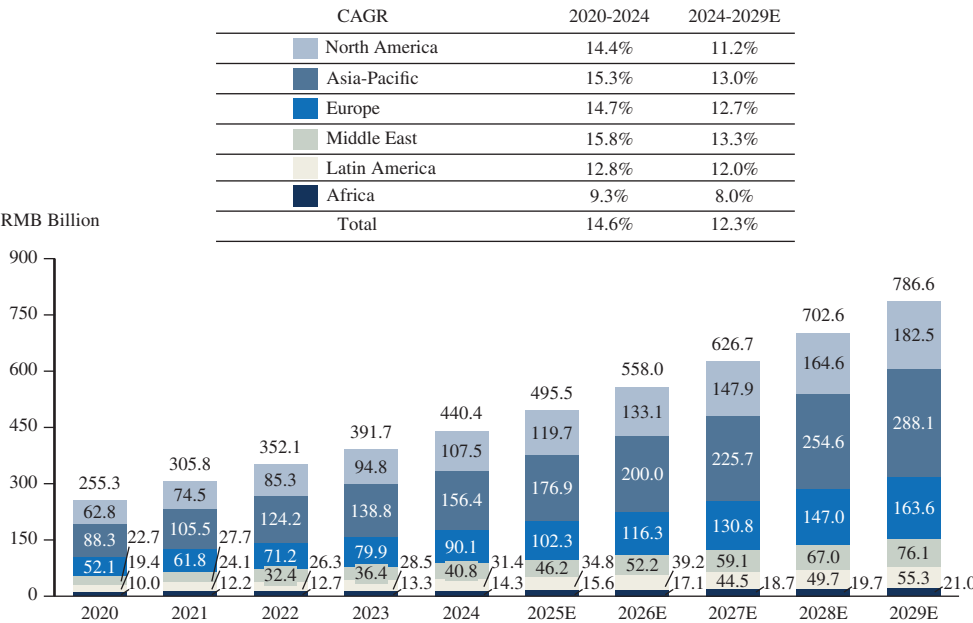
As Chinese brands increasingly pursue global expansion, their focus on localized content, performance optimization, and private domain operations will deepen, shifting the market from broad-based spending to a full-funnel growth model, thereby supporting sustained demand and the industry is expected to maintain strong momentum.

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Between 2020 and 2024, the growth of overseas marketing service industry in Asia-Pacific consistently led the market, significantly outpacing all other regions. North America and Europe followed closely. While North America slightly surpassed Europe in scale, both regions maintained comparable growth rates, each showing a CAGR of over 14.0% from 2020 to 2024. Notably, the Middle East was the fastest-growing region despite its smaller base.

From 2024 to 2029, North America is expected to retain its leading position, while the Asia-Pacific region will continue to see one of the fastest growth rates in the overseas marketing services industry, with the Middle East and Latin America also experiencing rapid expansion.

Market Size of Overseas Marketing Services Industry Contributed by Service Providers from the PRC, Breakdown by Region, by Revenue, 2020-2029E



Source: Ministry of Commerce of the People's Republic of China (MOFCOM), Annual Reports, Frost & Sullivan

Market Drivers of Overseas Marketing Services Industry from the PRC

Policy-backed Global Expansion of Chinese Enterprises. The PRC government has introduced a series of policy initiatives to support the globalization of domestic enterprises, including the Belt and Road Initiative, the establishment of overseas e-commerce pilot zones, export tax rebate programs, and financial service facilitation. These frameworks lower entry barriers, enhance customs clearance efficiency, improve logistics infrastructure, and provide long-term institutional support for Chinese enterprises expanding globally. Particularly in sectors characterized by rapid innovation and flexible supply chains, such as consumer electronics, mobile internet applications, smart devices, and direct-to-consumer (DTC) brands,

INDUSTRY OVERVIEW

the demand for going global has become both urgent and strategic. As more enterprises seek sustainable growth beyond saturated domestic markets, brand localization, overseas user acquisition, and long-term operational planning are becoming central to their global strategies.

Structural Shift from Product Export to Brand Export. With the ongoing transformation of export structure in the PRC, Chinese enterprises are transitioning from a traditional model of cost-driven product exports to building enduring brand presence and influence in overseas markets. This shift is especially pronounced in sectors such as consumer electronics, mobile applications, home and lifestyle goods, and smart wearables, where differentiation and brand perception significantly affect long-term competitiveness. Enterprises no longer focus solely on pricing advantages or transactional efficiency. Instead, they are prioritizing brand storytelling, value proposition communication, and consumer loyalty development to secure lasting market positions. This evolution has significantly increased the reliance on overseas marketing capabilities.

Global Digital Platform Expansion Enables Scalable Overseas Reach. The rapid globalization of digital platforms, including social media, short video applications, and e-commerce marketplaces, has significantly lowered the threshold for Chinese enterprises to reach international consumers. Platforms now serve as essential infrastructure for global marketing by offering high traffic volume, advanced advertising ecosystems, refined targeting algorithms, and localized influencer communities. These platforms enable brands to bypass traditional overseas distributors, instead reaching consumers directly through immersive content, interactive formats, and social engagement. This direct-to-user model not only improves marketing efficiency but also enhances brand intimacy and feedback loops. As a result, demand for overseas marketing services is growing rapidly.

Future Trends of the Overseas Marketing Services Industry from the PRC

From Traffic Acquisition to Brand Building. As global digital ecosystems become more saturated and user acquisition costs continue to escalate, overseas consumers are becoming increasingly discerning, favoring brands that can offer culturally relevant, emotionally resonant, and consistent experiences across touchpoints, rather than relying solely on transactional advertising. In response, a growing number of Chinese brands are reorienting their overseas marketing services strategies from short-term ROI maximization to long-term brand equity cultivation. This strategic shift entails greater emphasis on brand storytelling, community building, localized content adaptation, and multi-platform brand consistency. Consequently, overseas marketing service providers are now expected to deliver comprehensive services to ensure that brands can achieve sustained differentiation and emotional connection in overseas markets.

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Rise of Multi-platform and Omni-channel Campaign Strategies. Consumer attention today is increasingly fragmented across a diverse array of digital platforms, each catering to distinct user communities and usage contexts. This fragmented landscape means that relying on a single-channel marketing strategy is no longer sufficient to deliver sustained reach, engagement, or brand influence. In response, leading Chinese outbound brands are embracing multi-platform and omni-channel strategies that integrate short-form video, livestream commerce, influencer partnerships, programmatic advertising, and content marketing across platforms. This multi-platform approach significantly increases operational demands. It requires consistent alignment of creative themes, localized content versions, real-time analytics tracking, and a centralized system for performance evaluation across regions and channels. As this practice becomes mainstream, overseas marketing service providers must enhance their service offerings to provide seamless integration capabilities across media channels and platforms.

OVERVIEW OF INTEGRATED MARKETING SERVICES INDUSTRY IN THE PRC

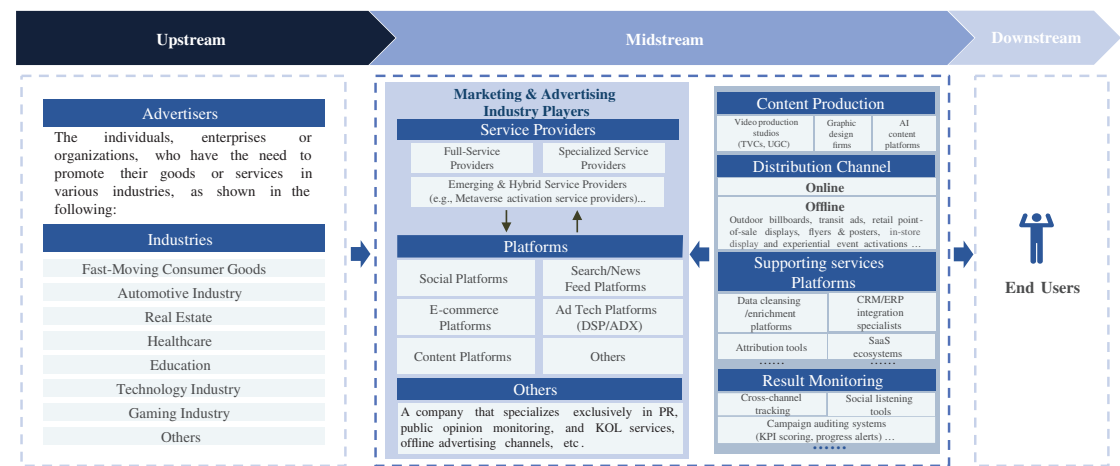
Definition

Integrated marketing services refer to a series of comprehensive and multi-dimensional approaches to plan and execute the entire marketing process by synergizing strategy, creativity, technology, activation, and analytics. It includes strategic brand and consumer insight development, creative content generation and visual communication, omni-channel media distribution, and marketing technology enablement. It further encompasses experiential marketing, CRM-driven precision marketing of enterprises, scenario-native activations, sales and trade marketing, and measurement and post-campaign optimization.

Value Chain of Integrated Marketing Services Industry

The upstream segment refers to advertisers with marketing demand. These include natural persons, legal entities, or organizations that have the demand for marketing to promote their products or services. Advertisers come from a wide range of industries such as fast-moving consumer goods, automotive, technology, and gaming. Their primary role is to initiate marketing activities aimed at promoting products or services, enhancing brand awareness, and achieving business growth. The midstream segment consists of marketing and advertising service providers who execute the strategic plans developed by advertisers, along with other support service providers. The marketing and advertising industry players include service providers, various platforms, and others (such as PR firms and KOL companies, etc.). Other support service providers encompass content production (video, design, AI content), distribution channels (online traffic and offline physical touchpoints), support service platforms (data management, system integration, SaaS tools), and effect monitoring (cross-channel tracking, public opinion analysis, and activity auditing). The downstream segment represents the final stage where marketing content reaches the end users, who are the consumers or targeted audience groups.

INDUSTRY OVERVIEW

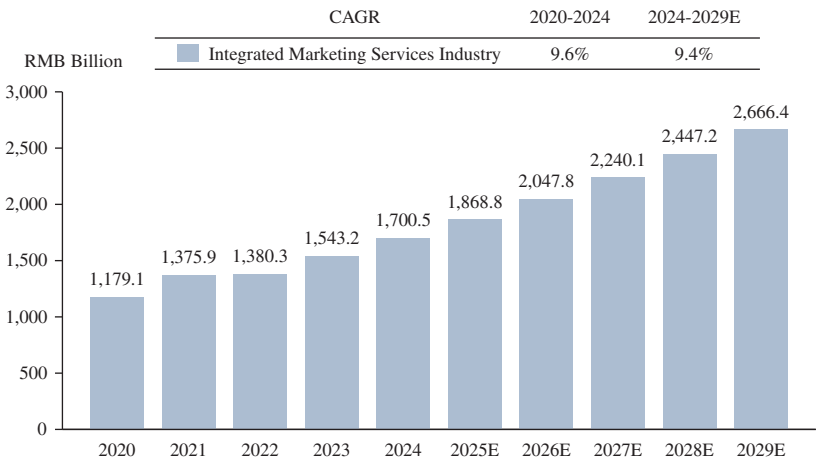


Source: Frost & Sullivan

Market Size of Integrated Marketing Services Industry in the PRC

The development of integrated marketing services in the PRC is primarily driven by three interconnected factors. Firstly, sustained consumption upgrades and heightened corporate branding needs are fueling increased marketing investments. Secondly, deep penetration and continuous innovation in digital technologies including AI, big data, short video platforms, and live-streaming e-commerce, enable more efficient, targeted, and scalable marketing models. Thirdly, rising demand for integrated end-to-end solutions delivers seamless consumer experiences across the entire journey.

Market Size of Integrated Marketing Services Industry in the PRC, by Revenue, 2020-2029E



Source: State Administration for Market Regulation, Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers

Technological Innovation and Media Ecosystem Diversification. The rapid advancement of marketing technologies has significantly reshaped how marketing campaigns are designed, executed, and evaluated. Generative AI tools now enable the quick and cost-effective creation of content including text, visuals, and videos. At the same time, platforms such as the data management platform and the customer data platform support more precise audience segmentation and personalized communication, making marketing efforts more targeted and efficient. Additionally, emerging technologies such as Extended Reality (XR) and the metaverse, provides brands with a wide variety of touchpoints to engage with consumers across different channels and demographics. This convergence of advanced technologies and diversified platforms is driving integrated marketing services toward greater precision, automation, and real-time responsiveness.

Evolving Consumer Roles and Expectations. Changing consumer expectations and habits are a major force shaping the development of integrated marketing services. In the PRC, the emergence of Gen Z, digital-savvy middle-class consumers, elderly users, and lower-tier city residents has diversified the consumer landscape. They seek emotional resonance, value alignment, and personalized experiences. Today’s consumers are no longer passive recipients of advertisements. Instead, they actively participate in brand interactions through user-generated content, social sharing, reviews, and short-form videos. The influence of key opinion consumers and micro-influencers is growing, creating new paths for authentic and organic brand communication.

Elevating Demand for Strategic Business Transformation. In a highly competitive and cost-sensitive business environment, Chinese enterprises are under pressure to achieve both brand awareness and sales performance through a single marketing system. Integrated marketing services meets this need by connecting creative strategy, content production, media deployment, performance monitoring, and customer conversion within one coordinated framework. Moreover, businesses are beginning to restructure their internal operations by integrating PR, digital marketing, e-commerce, and private traffic management into collaborative teams. This trend reflects a growing need for strategic alignment, consistent messaging, and efficient resource allocation. Integrated marketing services are therefore not only tactical communication tools but also key components of business transformation and operational synergy.

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Future Trends

Intelligent Technology-Driven Marketing. Technological advancement will continue to reshape the core capability structure of integrated marketing services industry. AI-generated content will become a standard tool in text, image, and video creation, significantly accelerating content production and improving personalization. At the same time, intelligent recommendation systems, programmatic advertising, and predictive analytics will enable automation and closed-loop control across the marketing chain, helping brands lower labor costs and enhance targeting accuracy. As data platforms and omni-channel marketing systems mature, companies will be able to fully integrate advertising, PR, e-commerce, and CRM into a unified operational model. Emerging digital environments such as XR and the metaverse will also be gradually incorporated as new channels of interaction and engagement. In the future, integrated marketing services will evolve from multi-platform coordination to full-chain intelligent collaboration, with technology at its core, enabling a more scientific, efficient, and measurable marketing system.

Rise of Precision and Performance Orientation. Traditional agency-style models are being restructured into service systems characterized by platformization, productization, and performance accountability. Within this transformation, integrated marketing has emerged as a core capability. Brands are moving beyond broad exposure tactics, seeking solutions that leverage first-party data, algorithmic targeting, audience segmentation, and multi-channel journey orchestration. Service providers are now required to integrate data intelligence with creative execution, building competitive advantages around user insight and technical agility. At the same time, performance orientation is shifting from a downstream evaluation metric to a front-end decision driver. KPIs such as ROI, conversion rates, sales contribution, and customer lifetime value are increasingly used as core benchmarks for solution design, vendor selection, and ongoing partnership evaluation. In sectors like e-commerce, FMCG, and tech, service providers are no longer just “communication partners,” but are expected to serve as business growth enablers.

Transformation in Content Operation. The focus of integrated marketing services will increasingly emphasize content accumulation and relationship building. Content will no longer be viewed merely as a communication vehicle but as a long-term brand asset that builds trust, emotional connections, and cultural resonance with consumers. Brands will need to strategically and continuously manage content to nurture user ecosystems and private communities. Content formats will grow more diverse and interactive, encompassing user-generated content (UGC), professionally generated content (PGC), live streaming, virtual influencers, and interactive storytelling. As consumer expectations for depth, aesthetic quality, and value alignment rise, brands must prioritize authenticity, emotional engagement, and co-creation with audiences.

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OVERVIEW OF ADVERTISING SERVICES INDUSTRY

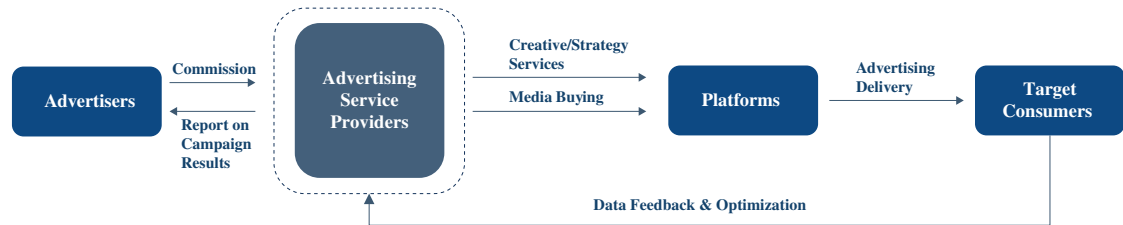
Definition

The advertising service industry encompasses a broad range of commercial communication channels, including both traditional and digital formats. While traditional methods such as print media are still used in niche markets, digital advertising has become the dominant force in the industry.

Digital advertising service providers act as a central bridge between advertisers and media platforms. Advertisers entrust service providers with their budgets and objectives, while service providers translate these into actionable marketing plans. Their services span the full campaign lifecycle from brand positioning and cross-platform planning to media execution and performance monitoring.

Business Model of Advertising Service Providers

Advertising service providers operate a closed-loop model that connects advertisers, platforms, and target consumers. They deliver end-to-end services including creative strategy, media planning and buying, and performance tracking. Once ads reach consumers, interaction data such as impressions, clicks, and conversions is relayed back via platforms, enabling real-time optimization. Providers analyze this data to refine ongoing campaigns and produce performance reports for advertisers, enhancing ROI visibility and future planning. Revenue is typically earned through commissions, service fees, or performance-based arrangements, making the model especially effective in ROI sensitive sectors like e-commerce, apps, and FMCG.



Source: Frost & Sullivan

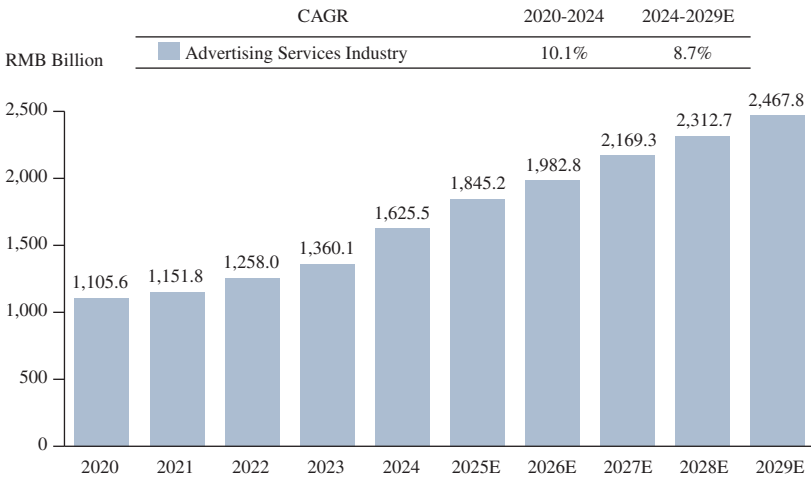
INDUSTRY OVERVIEW

Market Size of Global Advertising Service Industry

The growth of global advertising service industry was primarily driven by the widespread digitalization of enterprises, the surge in e-commerce activities, and the accelerated integration of cross-border marketing strategies.

Looking ahead, the ongoing adoption of AI-powered advertising tools, combined with global brands’ pursuit of integrated creative-media-data solutions, will continue to fuel market expansion.

**Market Size of Global Advertising Services Industry,
by Revenue, 2020-2029E**



Source: Annual Reports, Frost & Sullivan

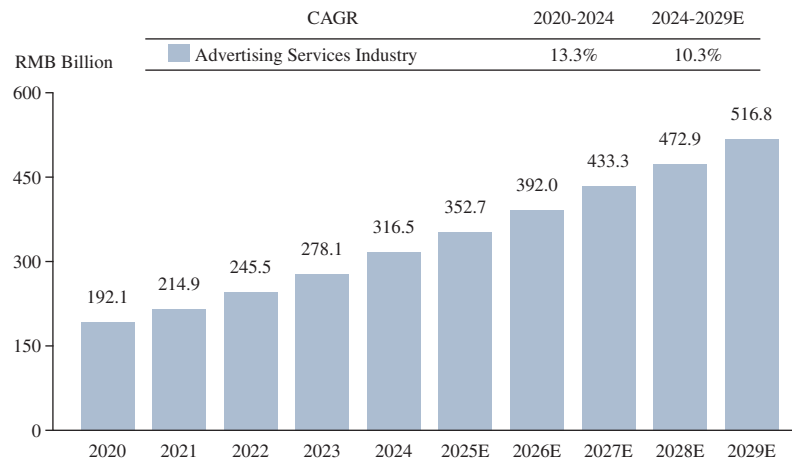
Market Size of Advertising Services Industry in the PRC

The significant growth of advertising services market in the PRC was underpinned by China’s rapid digital transformation, increased brand adoption of data-enabled advertising, and the proliferation of short video and e-commerce platforms. Brands increasingly relied on specialized advertising service providers to navigate fragmented online channels, enabling more agile and targeted marketing strategies.

Looking forward, sustained momentum will come from the maturation of AI-powered ad tools, expanding demand for integrated marketing solutions, and intensified competition among platforms seeking monetization. The continuous evolution of content formats and consumer engagement models will further incentivize outsourcing to professional agencies capable of delivering performance-driven, multi-platform campaigns.

INDUSTRY OVERVIEW

Market Size of Advertising Services Industry in the PRC, by Revenue, 2020-2029E



Source: Annual Reports, Frost & Sullivan

Market Drivers of Advertising Services Industry

Media Fragmentation. With media consumption increasingly dispersed across a wide range of digital channels, advertisers are finding it more challenging to design and execute cohesive campaigns that deliver consistent brand experiences. Each platform has its own audience demographics, content formats, and engagement mechanics. As digital media becomes the primary battleground for brand communication, digital advertising has taken a central role in the overall advertising services industry, driving the majority of growth and innovation in recent years. As a result, the operational complexity of cross-platform campaign management has increased significantly, raising both the technical and resource thresholds for brand owners. In this context, professional digital advertising service providers that can offer fully integrated services. Brands are increasingly seeking external partners not just for execution, but for strategic guidance and end-to-end support in navigating fragmented digital ecosystems.

Growing Digitalization Demand from SMEs. As China accelerates its push for enterprise digital transformation, particularly among small and medium-sized enterprises (SMEs), a new wave of demand for digital advertising services is rapidly emerging. National and regional governments have launched a series of digital empowerment initiatives aimed at lowering the technological threshold for SMEs, including subsidies, digital vouchers, and training programs. As SMEs increasingly seek cost-effective, AI-assisted marketing solutions to acquire customers and enhance operational efficiency, service providers that offer automated campaign management, modular service packages, and intelligent optimization capabilities are better positioned to capture this incremental demand and expand their client base across tiered markets.

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The Lack in In-House Digital Advertising Capability. As marketing strategies evolve to become increasingly data-driven, creative-intensive, and supported by advanced technologies, many advertisers are encountering significant challenges in building in-house teams that can fully manage the complexity of modern digital campaigns. This is especially true for traditional enterprises undergoing digital transformation or fast-growing brands scaling rapidly across markets. Limitations in areas such as creative resource availability, cross-platform media integration, and data analytics capabilities often prevent companies from achieving campaign efficiency and consistency internally. In response, more advertisers are turning to external digital advertising service providers for professional support.

Future Trends of Advertising Services Industry

Content Format Innovation. As the digital content ecosystem continues to evolve, emerging content formats such as AI-generated content (AIGC), 3D advertising, interactive video, and immersive environments are reshaping how brands communicate with users and deliver value. This evolution reflects a broader industry shift from static, media-buying-centric approaches toward experience-led, story-driven engagement strategies. In response, digital advertising service providers are under growing pressure to develop full-stack capabilities that integrate creative ideation, advanced technical execution, and continuous data-based content iteration. Service providers that possess both storytelling expertise and cutting-edge production capabilities such as generative AI engines, virtual human modeling, and real-time rendering infrastructure, which are better positioned to offer differentiated creative value. Looking ahead, competitive advantage will belong to service providers that go beyond acting as media intermediaries and instead become experience architects, helping brands design and deliver cohesive, tech-enabled digital narratives across multiple formats and platforms in an increasingly fragmented content landscape.

Enhancing Productivity Empowered by AI. As AI technology continues to mature and penetrate deeper into the advertising value chain, a new generation of platform-based advertising service providers is beginning to take shape. These emerging service providers are distinguished by their self-developed technologies, which support automated ad delivery, intelligent performance optimization, and AI-assisted content generation. Unlike traditional project-based service providers that rely heavily on manual execution, these technology-powered firms utilize advanced algorithms and data engines to automate large portions of the planning, media buying, and creative adaptation processes. This transformation enables service providers to serve a greater number of clients simultaneously while still delivering personalized experiences and maintaining high campaign performance. In addition, real-time data feedback loops allow for continuous optimization and lower marginal service costs, thereby enhancing ROI and operational scalability. Under this model, service providers are evolving from labor-intensive service providers into scalable ecosystems driven by intelligent software infrastructure.

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COMPETITIVE LANDSCAPE

Rankings

1. *Ranking of Global Marketing Service Providers, by Market Share Measured by Revenue (2024)*

In terms of revenue generated in the global marketing industry, the top 5 service providers accounted for a combined 19.19% market share, with the company ranking tenth and holding a 0.68% share. In 2024, the Company was the only Chinese entity among the top 10 in the marketing industry. All other ranked companies were large multinational corporations with global operations.

Ranking	Company	Listing Status	Market Share in Global Marketing Industry, 2024
1	Company A ¹	Public	5.14%
2	Company B ²	Public	4.50%
3	Company C ³	Public	4.21%
4	Company D ⁴	Public	2.87%
5	Company E ⁵	Public	2.47%
Top 5 Subtotal			19.19%
10	The Company	Public	0.68%

- (1) Headquartered in the UK, it is one of the world’s largest advertising and communications services groups. Founded in 1985, the company offers a broad range of services, including advertising, media buying, branding, digital marketing, PR, and market research.
- (2) Headquartered in France, it is one of the world’s largest and most influential advertising and communications companies. Founded in 1926, the company offers a wide range of services, including advertising, digital marketing, media planning, PR, and brand consulting.
- (3) Headquartered in the USA, it is one of the world’s leading global marketing and communications companies. Founded in 1986, the company provides a comprehensive range of services including advertising, digital marketing, media buying, PR, branding, and customer engagement.
- (4) Headquartered in the USA, it is one of the world’s largest advertising and marketing services organizations. Founded in 1902, the company operates a diverse portfolio of service providers that provide a wide range of services, including advertising, digital marketing, media planning, PR, data analytics, and brand strategy.
- (5) Headquartered in France, it is a leading global advertising technology company. Founded in 2005, it specializes in performance marketing and provides personalized retargeting advertising solutions for marketers worldwide.

INDUSTRY OVERVIEW

2. *Ranking of PRC-based Marketing Service Providers, by Market Share Measured by Revenue Generated Globally (2024)*

The company ranked first among all PRC-based marketing service providers with a share of 0.68% in global marketing industry, leading the industry with its comprehensive digital marketing and innovative capabilities. The top 5 domestic companies in the marketing industry occupied an aggregated share of 1.30% in 2024.

Ranking	Company	Listing Status	Market Share in Global Marketing Industry, 2024
1	The Company	Public	0.68%
2	Company H ¹	Public	0.23%
3	Company J ²	Public	0.18%
4	Company K ³	Public	0.11%
5	Company L ⁴	Public	0.10%
Top 5 Subtotal			1.30%

Notes:

- (1) Founded in 1979 and headquartered in the PRC, the company is listed on the Shenzhen Stock Exchange and provides integrated marketing communication services, including brand management, media planning, digital marketing, and overseas expansion solutions.
- (2) Founded in 2001 and headquartered in the PRC, the company is listed on the Shenzhen Stock Exchange and is a global leader in marketing industry, which offers full-chain digital transformation solutions, integrating strategy, creative, traffic, media, and e-commerce.
- (3) Founded in 1993 and headquartered in the PRC, the company is listed on the Shenzhen Stock Exchange and specializes in integrated communication solutions, with a focus on wireless communication, broadband technology, and IoT (Internet of Things) services.
- (4) Founded in 2017 and headquartered in the PRC, the company is listed on the Hong Kong Stock Exchange. It specializes in providing integrated online marketing solutions, with a focus on online short-video marketing, e-commerce services, and the application of AI-generated content (AIGC) in the digital marketing field.

Source: Annual Reports, Frost & Sullivan

INDUSTRY OVERVIEW

3. *Ranking of Overseas Marketing Service Providers from the PRC, by Market Share Measured by Revenue from Overseas Marketing Services (2024)*

In recent years, driven by the rapid expansion of overseas e-commerce, mobile applications, and global brand-building efforts, Chinese outbound enterprises have significantly increased their demand for overseas digital marketing services, leading to steady growth in the industry. The Company ranked the first in the market in terms of the revenue generated from overseas marketing services, capturing a share of 10.97% in the market in 2024, maintaining a leading position.

Ranking	Company	Listing Status	Market Share in Overseas Marketing Services Industry from PRC, 2024
1	The Company	Public	10.97%
2	Company F ¹	Private	9.13%
3	Company G ²	Private	3.04%
4	Company H	Public	1.54%
5	Company I ³	Public	0.50%
Top 5 Subtotal			25.18%

Notes:

- (1) Founded in 2014 and headquartered in the PRC, it is a leading overseas digital marketing and performance advertising service provider, specializing in full-chain media strategy, content localization, and platform-based execution for outbound Chinese brands.
- (2) Founded in 2017 and headquartered in the PRC, it is a digital growth service provider for enterprises, leveraging advanced technology to offer comprehensive solutions for business expansion overseas.
- (3) Founded in 2005 and headquartered in the PRC, the company is listed on the Shenzhen Stock Exchange and is a leading intelligent marketing service provider for enterprises, committed to offering global marketing and promotion services, and helping clients efficiently acquire users, enhance brand awareness, and achieve commercial monetization.

Source: Annual Reports, Frost & Sullivan

INDUSTRY OVERVIEW

4. *Ranking of PRC-based Digital Advertising Service Providers, by Market Share Measured by Revenue Generated from Digital Advertising Globally (2024)*

Digital advertising services industry now dominates the advertising services industry, driving the industry’s most significant transformation. In terms of the revenue generated from the global digital advertising services business, the top three Chinese players took up an aggregated share of 1.50% in 2024. The Company led the industry with a share of 0.91% with its strong comprehensive capabilities.

Ranking	Company	Listing Status	Market Share in Digital Advertising Industry, 2024
1	The Company	Public	0.91%
2	Company H	Public	0.32%
3	Company J	Public	0.27%
Top 3 Subtotal			1.50%

Source: Annual Reports, Frost & Sullivan

Entry Barrier Analysis

Technical Barrier. The core of the technical barrier lies in the complexity of data-driven capabilities and tool applications. Marketing services rely on real-time collection and analysis of cross-platform user behavior data. Real-time bidding technology, essential for programmatic advertising, demands advanced system architectures that many SMEs struggle to build due to insufficient investment. Automation tools require long-term expertise to optimize, and industry leaders leverage proprietary AI-driven consumer insights systems to maintain dominance.

Brand Barrier. Established service providers often maintain long-term relationships with top-tier clients, enjoy strong brand recognition, and have widely acknowledged portfolios of successful campaigns, which builds on reputation, trust, and proven performance. These factors make them the preferred choice for high-value and high-risk marketing projects, particularly in sectors such as finance, healthcare, and luxury goods. In contrast, new entrants face significant challenges in gaining client trust for brand-sensitive work without a credible track record. The brand barrier is further reinforced through trust cycles and network effects. As service providers deliver more successful campaigns, they attract better talent, earn more recognition, and develop deeper media relationships, which strengthens their market position over time.

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Capital Barrier. Capital barrier is reflected in resource investment and economies of scale. Building technology infrastructure requires millions to tens of millions in initial funding, posing a heavy burden for SMEs. Prepayment demands from major media platforms for advertisement placements or guaranteed spending further strain cash flow, limiting access to premium traffic. Additionally, the high trial-and-error costs of marketing, such as KOL collaborations, result in investments of tens of thousands of dollars for a single campaign, with limited room for error. Companies with sufficient annual advertisement budgets leverage their financial muscle to secure cross-channel advantages that smaller brands cannot replicate.

Talent Barrier. Talent barrier stems from the demanding requirements for multidisciplinary skills and industry experience. Professionals are expected to possess a combination of traditional marketing, digital tools, and technical applications (such as basic Structured Query Language (SQL) queries). The deep industry knowledge required in specialized sectors further raises the entry barriers. New entrants often fail due to a lack of industry-specific know-how, resulting in ineffective strategies. Moreover, technological advancements and platform rule updates force companies to continually invest in training, or else their team’s capabilities quickly become outdated. In contrast, SMEs often struggle to maintain talent competitiveness due to limited training resources.

Creative Adaptation Capability Barrier. Significant cultural differences across global markets make it difficult for standardized advertisement content to resonate with local audiences. To succeed, enterprises must possess the ability to localize content across languages, visual aesthetics, behavioral cues, and value systems. Some have developed adaptive content systems, incorporating emerging technologies such as AIGC to generate personalized creative assets at scale. Sensitivity to local trends, cultural symbols, and consumer preferences is also crucial to enhance relevance and boost conversion. These capabilities enable cost-effective, scalable advertising that meets the nuanced expectations of diverse target audiences.

Premium Channel Access Barrier. High-quality service channels in the digital advertising services industry are highly concentrated in top media platforms, social media and ecosystem operators, and international brand procurement lists. These platforms control premium traffic and core data access, and have established high entry thresholds through long-term strategic cooperation and technical integration standards. Serving top-tier clients requires deep industry know-how and long-term trust. Leading service providers have built this trust through more than a decade of collaboration and annual media spending exceeding tens of billions, gaining access to priority traffic interfaces, customized ad solutions, and data APIs. New entrants, lacking sufficient scale, reputation, and endorsement, often find it difficult to be included in high-quality supplier lists.

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SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare a market research report on the overseas marketing services, integrated marketing services and digital advertising services industry. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. The agreed fee paid to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report is RMB300,000. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other market research report in connection with the [REDACTED]. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the overseas marketing services, integrated marketing services and digital advertising services industry for potential [REDACTED]. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan’s view on the future development of the overseas marketing services, integrated marketing services and digital advertising services industry.

In preparing the Frost & Sullivan Report, Frost & Sullivan has relied on its in-house database, independent third-party reports, and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices, and other relevant information. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct, and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. In compiling and preparing the research, Frost & Sullivan assumed that the social, economic, and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the overseas marketing services, integrated marketing services and digital advertising services industry. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: (i) the economy in the global range is likely to maintain stable growth in the next decade, and (ii) the overseas marketing services, integrated marketing services and digital advertising services industry is expected to grow based on the macroeconomic assumptions of the economy. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Except as otherwise noted, all data and forecasts in this section come from the Frost & Sullivan Report.

REGULATORY OVERVIEW

REGULATIONS

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

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Regulations Relating to Foreign Investment

Investment activities in China by foreign investors are principally regulated by (i) the Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “Encouraging Catalog”), (ii) the Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the “Negative List”), each of which was promulgated and amended from time to time by the Ministry of Commerce of the PRC (the “MOFCOM”) and the National Development and Reform Commission of the PRC (the “NDRC”), and (iii) the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “Foreign Investment Law”), which was adopted by the National People’s Congress on March 15, 2019, and became effective on January 1, 2020, as well as their respective implementation rules and ancillary regulations.

Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》)

The Encouraging Catalog and the Negative List lay out the basic framework governing foreign investment in China, classifying businesses into three categories, namely the “encouraged” category, the “restricted” category, and the “prohibited” category, based on the level of participation allowed to and conditions required of foreign investment.

On October 26, 2022, the MOFCOM and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), which became effective on January 1, 2023 and replaced the previous Encouraging Catalog. On September 6, 2024, the MOFCOM and the NDRC released the Special Administrative Measures for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “Negative List 2024”), which became effective on November 1, 2024 and replaced the previous Negative List. Any industry not listed on the Negative List 2024 is a permitted industry and generally accessible to foreign investment unless specifically prohibited or restricted by any PRC laws or regulations.

The Foreign Investment Law

The Foreign Investment Law is formulated to further expand the opening-up of the Chinese economy, vigorously promote foreign investment and safeguard the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, a foreign investment means any foreign investor’s direct or indirect investment in China, including: (i) establishing foreign-invested enterprises (the “FIEs”) in China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares or other similar

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interests in Chinese domestic enterprises; (iii) investing in new projects in China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations or by the State Council of the PRC (the “State Council”). Foreign investments are entitled to pre-entry national treatment and are subject to the Negative List. The pre-entry national treatment means that the treatment accorded to foreign investors and their investments at the stage of investment access is not lower than that of domestic investors and their investments. The State implements special administrative procedures for access to foreign investment in specific fields and foreign investors shall not invest in any prohibited fields stipulated in the Negative List and shall meet the conditions stipulated in the Negative List before investing in any restricted fields.

The investment, earnings and other legitimate rights and interests of a foreign investor within the territory of China shall be protected in accordance with the law, and all national policies supporting the development of enterprises shall apply equally to FIEs. The State guarantees that FIEs are able to participate in the formulation of standards in an equal manner and government procurement activities through fair competition in accordance with the law. The State shall not expropriate any foreign investment except under special circumstances. The State may levy or expropriate the investment of foreign investors in accordance with the law for the public interest. The expropriation and requisition shall follow legal procedures and timely and reasonable compensation shall be given. In business activities, FIEs shall comply with applicable provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters prescribed by laws and administrative regulations.

On December 26, 2019, the State Council promulgated the Implementation Regulations on 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 January 1, 2020, and further requires that FIEs and domestic enterprises be treated equally with respect to policy making and implementation.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation of the PRC (the “SAMR”) jointly issued the Measures for Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “Foreign Investment Information Measures”), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Starting from January 1, 2020, foreign investors and FIEs in the PRC shall submit information relating to their investment through the Enterprise Registration System and the National Enterprise Credit Information Publicity System established by the SAMR by submitting initial reports of establishment, reports on changes to the investment, reports on termination of the investment and annual investment reports in accordance with the Foreign Investment Information Measures.

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REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION BUSINESS

Regulations Relating to Foreign Investment in Value-added Telecommunications Business

The Telecommunications Regulations of the People’s Republic of China (中華人民共和國電信條例) (the “Telecommunications Regulations”) promulgated by the State Council on September 25, 2000, as amended on July 29, 2014 and February 6, 2016, provide a regulatory framework for telecommunications service providers in the PRC. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. The Telecommunications Regulations require that telecommunication service providers shall obtain the operating license prior to the commencement of operations. According to the Classification Catalog of Telecommunications Business (電信業務分類目錄), attached to the Telecommunications Regulations on September 25, 2000, as amended by the Ministry of Information Industry of the PRC (中華人民共和國信息產業部) (the “MII”, being the predecessor of the MIIT) on June 11, 2001 and February 21, 2003, and by the MIIT on December 28, 2015 and June 6, 2019, the first category of value-added telecommunications services is divided into four subcategories i.e., the Internet Data Center Services, the Content Delivery Network Services, the Domestic Internet Virtual Private Network Services, and the Internet Access Services. The second category of value-added telecommunications services includes, without limitation, the internet information services.

Regulations Relating to Value-added Telecommunications Services

Pursuant to the Telecommunications Regulations, operators of value-added telecommunications business must first obtain a value-added telecommunication business operating license from the MIIT or its provincial level counterparts. The Administrative Measures for Telecommunication Business Operating License (《電信業務經營許可管理辦法》), promulgated by the MIIT with recently amendments becoming effective on September 1, 2017, set forth the types of licenses required for value-added telecommunications business and the qualifications and procedures for obtaining such licenses.

Regulations Relating to Internet Information Service

Internet information service is a type of value-added telecommunications business in the current catalog, the Classification Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on June 6, 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000, and amended with immediate effect on January 8, 2011, and December 6, 2024, and came into effect on January 20, 2025, and implemented on January 20, 2025, “internet information services” refers to the provision of information through the internet to online users, and they are categorized into “commercial internet information services” and “non-commercial internet information services”. A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is

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known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations, and an ICP License has a term of five years and can be renewed within 90 days prior to its expiration. An operator violating related laws due to failure in obtaining relevant business licenses will face penalties such as correction orders, warnings, fines, confiscation of illegal gains, and in case of severe circumstances, be ordered to suspend business for rectification.

Restrictions on Foreign Investment in Value-Added Telecommunications Business

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001, which was recently amended on March 29, 2022 and took effect on May 1, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign joint ventures, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. Moreover, the joint ventures must obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts, before launching the value-added telecommunications business in China. According to the Negative List 2024, the proportion of foreign investments in an entity engaging in value-added telecommunications business (excluding the e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%. Pursuant to the Ministry of Information Industry's Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), promulgated by the Ministry of Information Industry (the predecessor of the MIIT) with immediate effect on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer, or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities, or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

LAWS AND REGULATIONS RELATING TO ADVERTISING BUSINESS

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC (《中華人民共和國廣告法》) or the Advertising Law, which was latest amended on April 29, 2021. The Advertising Law requires that advertisements shall be true and legitimate, advertisements with certain special contents shall be subject to the review of the relevant authorities prior to publication, and shall not (i) use or covertly use the national flag, national anthem, national emblem, military flag, military anthem, military emblem of the People's Republic of China; (ii) use or covertly use the name or image of state agencies, personnel of state agencies; (iii) use wordings such as "national level", "highest level" and "best"; (iv) harm the dignity or interests of the state and divulge state secrets; (v) hinder social stability and harm public interest; (vi) endanger personal and property safety, and infringe upon personal privacy; (vii) hinder public order or violate social morality; (viii) contain obscenity, pornography, gambling, superstition, terror, violence contents; (ix) contain ethnic, racial, religious, sexual discrimination contents; (x) hinder protection of environment, natural resources or cultural heritage; and (xi) fall under any other circumstances stipulated by laws and administrative regulations. Violation of the

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aforesaid requirements may lead to penalties, confiscation of advertising revenues, or being ordered to stop spreading the advertisement or to publish an advertisement for correcting any misleading information. If such case is serious, the administration for market regulation may order termination of advertising operation or revoke the business license.

On July 4, 2016, the State Administration for Industry and Commerce, or the SAIC, issued the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or the Internet Advertising Interim Measures, to regulate internet advertising activities, which became effective on September 1, 2016, defining internet advertising as any commercial advertising that directly or indirectly promotes goods or services through websites, webpages, internet applications and other internet media in the forms of words, pictures, audio, video or others, including promotion through emails, texts, images, video with embedded links and paid-for search results. On May 1, 2023, Administrative Measures for Internet Advertising (《互聯網廣告管理辦法》), issued by the State Administration for Market Regulation, took effect and replaced the Internet Advertising Interim Measures, regulating commercial advertising activities for the direct or indirect promotion of commodities or services within the territory of the People’s Republic of China by making use of websites, webpages, internet applications and other internet media in the forms of texts, pictures, audios, videos or other forms. The Internet Advertising Measures specifically set out the following requirements, including but not limited to: (i) internet advertisements shall be authentic and legal, adhere to the correct orientation, express the advertisement content in a healthy way and comply with the requirements of building a socialist society with an advanced culture and ideology as well as promoting good traditional Chinese culture; (ii) an Internet advertisement shall be identifiable so that it can be clearly identified by consumers as an advertisement. Any paid search advertisement for a product or service shall be prominently indicated as an “advertisement” by the advertising publisher to distinguish it from natural search results; (iii) where an Internet advertisement is published in the form of pop-up or otherwise, the advertiser and the advertisement publisher shall clearly mark a Close symbol to ensure that it can be closed by one click and shall not conduct in a way that will negatively affect the one-click-close function; (iv) cheating or misleading users into clicking on or browsing advertisements is prohibited; (v) the advertisers shall be responsible for the authenticity of the content of Internet advertisements; (vi) the advertising agencies and the advertisement publishers shall establish, improve and implement systems of registration, examination and archives management in respect of Internet advertising business; (vii) where an Internet advertisement is published by means of algorithmic recommendation or otherwise, the relevant rules of the algorithmic recommendation service and the record of advertisement placement shall be included in the advertisement archives.

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LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND PRIVACY PROTECTION

Data Security and Export

The NPCSC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), on June 10, 2021 (effective from September 1, 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security. According to the Measures for Security Assessment of Data Export (《數據出境安全評估辦法》) issued by the Cyberspace Administration of China on July 7, 2022 and came into effect on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a critical information infrastructure operator; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of fewer than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of fewer than 10,000 individuals since January 1 of the previous year. According to the Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), promulgated by the Cyberspace Administration of China and came into effect on March 22, 2024, a data processor that is not a critical information infrastructure operator, will be exempted from declaring for security assessment for outbound data transfer, signing a standard contract with overseas recipient or passing the personal protection certification, if such data processor accumulatively transfers overseas ordinary personal information of less than 100,000 individuals since the January 1 of the current year.

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Personal Information Protection

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people’s personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people’s personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPCSC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information. According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information. On September 24, 2024, the State Council issued the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (or the Regulations on Cyber Data Administration), which came into effect on January 1, 2025. The Regulations on Cyber Data Administration provides that network data processors handling personal information of more than 10 million individuals shall comply with several requirements for important data processing and are required to take precautionary measures such as important data identification and annual risk assessment. In addition, the Regulations on Cyber Data Administration also provides that where necessary to fulfill statutory obligations, network data processors may provide personal information abroad. The Regulations on Cyber Data Administration also sets out several obligations for network platform service providers, including providing users with the option to turn off personalized recommendations.

REGULATIONS ON AI LARGE MODELS AND ALGORITHMS

On July 10, 2023, the Cyberspace Administration of China and other relevant authorities promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (or the Generative AI Measures), which came into effect on August 15, 2023, and imposed compliance requirements on providers of generative AI services. According to the Generative AI Measures, individuals or organizations that provide generative AI services of texts, images, audios, videos, and other content shall

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assume the responsibility of such network information content producers to fulfill the obligations of network information security and shall assume the responsibility of personal information processors to protect any personal information involved. Certain providers of generative AI services shall also conduct security assessments and complete regulatory filings. Non-compliance may subject generative AI service providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services.

On December 31, 2021, the Cyberspace Administration of China and other relevant authorities promulgated the Recommended Algorithm Management Provisions for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which came into effect on March 1, 2022. According to these provisions, algorithm-based recommendation service providers are responsible for the security of their algorithms. They must have a management system that includes measures for auditing, ethical review, fraud prevention, security assessment and data security emergency response. They must also have dedicated personnel and technical measures. Service providers should regularly review and evaluate their algorithmic mechanisms, models, data and results, and notify users when an algorithm-based recommendation service is active and provide effective channels for user complaints and reports.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, which was recently amended on April 23, 2019 and became effective on November 1, 2019, the Trademark Office of the State Administration for Industry and Commerce Authority (the predecessor of the SAMR), under the State Council is responsible for the registration and administration of trademarks in China. The SAMR has established a Trademark Review and Adjudication Board for resolving trademark disputes. Registered trademarks are valid for 10 years from the date the registration is approved. A registrant may apply to renew a registration within 12 months before the registration expiration date. If the registrant fails to apply in a timely manner, a grace period of 6 additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for 10 years. On April 29, 2014, the State Council issued the revised Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which specifies the requirements for the application of trademark registration and renewal.

Domain Names

According to the *Administrative Measures for Internet Domain Names* (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective from November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or

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the communications administration department of the province, autonomous region or municipality directly under the Central Government. The principle of “first come, first served” applies to domain name registration services. *The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet 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》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the EIT Law, which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulation on the Implementation of the EIT Law, which was promulgated by the State Council and was latest amended in December 2024 and came into effect on January 20, 2025, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) lastly amended by the State Council on November 19, 2017 and effective on the same day, the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) lastly amended by the MOF on October 28, 2011 and effective on November 1, 2011 and the Notice on Comprehensively Launching the Pilot Program for Replacing Business Tax with Value-Added Tax (VAT) effective on May 1, 2016, entities and individuals engaged in the sale of services within the territory of China shall be subject to VAT. For taxpayers selling services, intangible assets, or immovable properties, unless otherwise stipulated, the general VAT rate is 6%.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Regulation

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign

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currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015 and October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, multiple capital accounts for the same entity may be opened in different provinces as well. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019, prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), or the SAFE Circular 21, which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

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According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment 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》), or the SAFE Circular 19 promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019 and March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day and partially amended on December 4, 2023 and effective since then. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16’s interpretation and implementation in practice.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020), and partially amended on December 4, 2023 and effective since then. The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Circular on Optimizing 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告》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of

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such capital for banks in advance, provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law, which was promulgated by the SCNPC on December 29, 1998, and was recently amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listing

On February 17, 2023, the CSRC promulgated 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》) and circulated five supporting guidelines (collectively, the “Filing Rules”), which has become effective on March 31, 2023. The Filing Rules has comprehensively improved and reformed the regulatory regime for both direct and indirect overseas offering and listing of the PRC domestic companies’ securities and regulate both direct and indirect overseas offering and listing of the PRC domestic companies’ securities by adopting a filing-based regulatory regime. The Filing Rules apply to all overseas equity financing and listing activities of PRC domestic companies, including initial and follow-on offerings of shares, depository receipts, convertible corporate bonds, or other equity instruments and trading of securities in overseas market. The Filing Rules provides that no overseas offering and listing shall be made 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; (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 intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major

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violations of laws and regulations, and is under investigation according to law 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 or by other shareholders that are controlled by the controlling shareholder and actual controller. Additionally, the Filing Rules stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within 3 working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security etc., and duly fulfill their obligations to protect national security. On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering 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》), which has become effective on March 31, 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS IN HONG KONG SAR

There is no specific statutory requirement for the Company to obtain any license to carry out their business in Hong Kong SAR other than the requirement to register any business in accordance with the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). Below is a summary of the laws and regulations in Hong Kong SAR which are relevant to the Group.

Business Registration

For the Company’s business in Hong Kong SAR, it is required to apply for business registrations and display valid business registration certificates at places of business under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

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All our subsidiaries incorporated in Hong Kong held valid business registration certificates throughout the Relevant Period and as at the Latest Practicable Date.

Intellectual Property

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) makes provision in respect of the registration of trade marks and provides for connected matters.

It provides that a person infringes a registered trade mark if he uses in the course of trade or business a sign which is:

- (a) identical to the registered trade mark in relation to goods or services which are identical to those for which it is registered;
- (b) identical to the registered trade mark in relation to goods or services which are similar to those for which it is registered and such use is likely to cause confusion on the part of the public;
- (c) similar to the registered trade mark in relation to goods or services which are identical to or similar to those for which it is registered and such use is likely to cause confusion on the part of the public; or
- (d) identical or similar to the registered trade mark in relation to goods or services which are not identical or similar to those for which the trademark is registered, and the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and such use, being without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of a trade mark.

Under the Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong), the owner of a trade mark may bring infringement proceedings against the infringer for damages, injunction, accounts or any other relief available in law.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong)

The Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) makes provisions in respect of copyright and related rights and for connected purposes. It provides that the copyright owner has the exclusive right to, among other things, copy the work and to issue, rent and make available copies of the work to the public.

Those acts if carried out by anyone without the license of the copyright owner constitute primary infringement of the copyright.

REGULATORY OVERVIEW

The following acts, among other things, if done without the license of the copyright owner, constitute secondary infringement:

- (a) imports into Hong Kong or exports from Hong Kong, otherwise than for his private and domestic use, a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work; and
- (b) possesses for the purpose of or in the course of any trade or business, sells or lets for hire or offers or exposes for sale or hire, exhibits in public or distributes for the purpose of or in the course of any trade or business, or distributes (otherwise than for the purpose of or in the course of any trade or business) to such an extent as to affect prejudicially the owner of the copy right, a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

Infringement of copyright is actionable through civil litigation.

Further, a person commits an offense if he, without the consent of the copyright owner of a copyright work, among other things, makes for sale, or hire an infringing copy of the work, or importing into Hong Kong or exporting from Hong Kong an infringing copy of the work otherwise than for his private and domestic use, or possesses an infringing copy of the work with a view to its being, among other things, sold or let for hire by any person for the purpose of or in the course of that trade or business.

A person who commits such offense shall be guilty of an offense and shall be liable to a fine of \$50,000 and to imprisonment for 4 years.

Employment

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. All employees covered by the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), irrespective of their hours of work, are entitled to protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Under Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), an employer must take all practicable steps to ensure that employees who are at least 18 but under 65 years of age and employed for 60 days or more become members of a registered scheme (except for certain exempt persons) within the first 60 days of employment.

REGULATORY OVERVIEW

An employer who, without reasonable excuse, fails to comply with this rule commits an offence and is liable on conviction to a fine of HK\$350,000 and imprisonment for 3 years.

It is also mandatory for an employer to make mandatory contributions to the mandatory provident fund scheme. Subject to the maximum and minimum levels of income, an employer shall deduct 5% of the employee's income as contribution to the scheme.

An employer who, without reasonable excuse, fails to comply with this rule commits an offence and is liable on conviction to a fine of HK\$350,000 and imprisonment for 3 years (if the employer fails to make the contributions without deducting 5% from the employee's income); or to a fine of HK\$450,000 and imprisonment for 4 years (if the employer fails to make the contributions having deducted 5% from the employee's income).

Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) provides that an employer is liable for any personal injury by accident arising out of and in the course of the employment to the employee in accordance with the Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).

It further provides that no employer shall employ any employee in the any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for more than the specified amount in respect of the liability of the employer.

It is an offence if there is no or insufficient insurance coverage for the employees. The maximum penalty is, on conviction on indictment, a fine of HK\$100,000 and imprisonment for 2 year; or, on summary conviction, a fine of HK\$100,000 and imprisonment for 1 year.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a prescribed minimum hourly wage rate during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

A provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) is void.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Generally speaking, under the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong), a person is required to hold a visa/entry permit to work in Hong Kong unless he has the right of abode or right to land in Hong Kong.

REGULATORY OVERVIEW

Any person who is the employer of an employee who is not lawfully employable commits an offense and is liable to a fine of HK\$350,000 and to imprisonment for 3 years (if the employee is not a prohibited employee as defined under the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)); or to a fine of HK\$500,000 and to imprisonment for 10 years (if the employee is a prohibited employee).

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), for a company carrying on a trade, profession or business in Hong Kong, its assessable profits arising in or derived from Hong Kong shall be chargeable to profits tax.

It also provides for a company's obligation to do the followings:

- (a) to keep sufficient records of the company's income and expenditure to enable the assessable profit to be readily ascertained for at least 7 years;
- (b) to inform the Inland Revenue Department of its chargeability to tax;
- (c) to submit tax return as required; and
- (d) to inform the Inland Revenue Department of the commencement and cessation of employment of its employees.

Transfer Pricing

Section 20A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) gives the Inland Revenue Department wide powers to collect tax due from non-residents. The Inland Revenue Department may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong resident under sections 16(1), 17(1)(b) and 17(1)(c) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), make additional assessments under section 60 of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) and challenging the entire arrangement under general anti-avoidance provisions such as sections 61 and 61A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong).

In December 2009, the Inland Revenue Department released its Departmental Interpretation and Practice Notes No. 46. It is the Inland Revenue Department's guideline on transfer pricing and includes its views and practices on the methodologies of transfer pricing and related issues. In general, the practices followed by the Inland Revenue Department are based on the transfer pricing methodologies recommended by the Organisation for Economic Co-operation and Development Transfer Pricing Guidelines.

REGULATORY OVERVIEW

In April 2009, the Inland Revenue Department released its Departmental Interpretation and Practice Notes No. 45. It sets out the Department's views and practices on granting relief from double taxation due to a transfer pricing or profit reallocation adjustment under a double taxation agreement. It provides that where double taxation arises as a result of transfer pricing adjustments made by the tax authorities of another jurisdiction, a Hong Kong taxpayer may potentially claim relief under the tax treaty between Hong Kong and that country (jurisdictions that entered into tax arrangements with Hong Kong includes the Mainland China).

The Hong Kong Government gazetted the Inland Revenue (Amendment) (No. 6) Ordinance 2018 on 13 July 2018. It introduces provisions for a statutory transfer pricing regime and for transfer pricing documentation in Hong Kong. Its major provisions start to apply for years of assessment commencing from 1 April 2018.

The major issues covered under the Amendment Bill are as follows:

- Codify international transfer pricing principles include, amongst others, the arm's length principle for provision between associated persons, the separate enterprises principle for attributing income or loss of non-Hong Kong resident person;
- Introduce transfer pricing documentation in Hong Kong, which includes the three-tier transfer pricing documentation relating to the master file, local file and country-by-country reporting;
- Codify Advance Pricing Arrangement regime and extend application to unilateral Advance Pricing Arrangements; and
- Introduce legal framework for mutual agreement procedures, which includes arbitration.

On 19 July 2019, the Inland Revenue Department issued its Departmental Interpretation and Practice Notes No. 59. It explains Rule 1 in Section 50AAF of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) and its application; clarifies the criteria for exempted domestic transactions available under Rule 1; provides guidance on transactions before the commencement date of the Inland Revenue (Amendment) (No. 6) Ordinance 2018; explains the key aspects of determining arm's length price; and provides guidance on penalties and additional taxes for non-compliance with Rule 1.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

The brand history of “BlueFocus” can be traced back to 1996, when Beijing BlueFocus Marketing Consulting Co., Ltd. (北京藍色光標市場顧問有限公司, “**BlueFocus Marketing**”) was founded by Mr. Zhao and other individuals^(Note), with the principal business of providing marketing services. Since then, our brand recognition has continued to grow, along with the scale of our operations. In November 2002, our predecessor, Beijing BlueFocus Digital Technology Co., Ltd. (北京藍色光標數碼科技有限公司, “**BlueFocus Digital**”), was established. BlueFocus Digital was converted into a joint stock company with limited liability in January 2008 and our Company was renamed as Beijing BlueFocus Communication Group Co., Ltd. (北京藍色光標品牌管理顧問股份有限公司, “**BlueFocus Brand**”).

Since February 2010, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300058) (the “**A Share Listing**”).

Over the years, we have evolved into a global leading company in the marketing industry.

As of the Latest Practicable Date, Mr. Zhao, our founder, executive Director and chairman of our Board, was interested in an aggregate of 140,000,000 A Shares, representing approximately 3.96% of our total issued share capital and voting power at the general meetings of our Company. For details of Mr. Zhao’s information, see “Directors and Senior Management” in this document.

KEY CORPORATE AND BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
1996	Establishment of BlueFocus Marketing by Mr. Zhao and other individuals
2002	Our predecessor BlueFocus Digital was established
2008	BlueFocus Digital was converted into a joint stock company with limited liability and our Company was renamed as BlueFocus Brand
2010	Our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300058)

Note: For more information regarding the other individuals, see “— Major Changes of Our Company — 1. Incorporation of our Company’s predecessor in 2002”.

HISTORY AND CORPORATE STRUCTURE

Year	Event
2013	We started global expansion of intelligent marketing services as part of our corporate strategy to pursue digitalization and internationalization
2015	We acquired Madhouse Inc., becoming the No. 1 mobile advertising agency in China in terms of revenue
2016	We were ranked 8th among “Top Holding Companies Worldwide” by Warc100
2018	We were ranked No. 1 in Asia and No. 9 globally on PR Week’s Global PR Rankings in terms of revenue
2022	We strategically deployed into the metaverse business by establishing Blue Universe Digital Technology Co., Ltd (“藍色宇宙數字科技有限公司”), our wholly owned subsidiary
2023	We stepped into the all in AI strategy
	We fully embraced AIGC, collaborating with top global tech companies; launched the “Human + AI Assistant” work model across the company;
	We introduced the BlueAI industry model and built a comprehensive AIGC matrix
2024	We stepped into Globalization 2.0 era and formulated our globalization strategy
	We launched the overseas programmatic platform Blue X and Blue Turbo

HISTORY AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, places of establishment and dates of establishment and commencement of business of our major subsidiaries that made a material contribution to our results of operations or were of strategic importance to us during the Track Record Period and/or going forward:

Name of subsidiary	Registered capital/Issued share capital	Place of establishment	Date of establishment/commencement of business	Equity interest attributable to our Group	Principal business activities
Beijing BlueFocus Public Relations Consulting Co., Ltd. (北京藍色光標公關顧問有限公司)	RMB300,000,000	PRC	December 12, 2006	100%	Marketing and Advertising
Shanghai BlueFocus Brand Consulting Co., Ltd. (上海藍色光標品牌顧問有限公司)	RMB329,031,600	PRC	April 14, 2010	100%	Brand Management
Beijing Sienke Technology Co., Ltd. (北京思恩客科技有限公司)	RMB110,212,766	PRC	August 17, 2010	100%	Advertising
Zunan Advertising (Shanghai) Co., Ltd. (尊岸廣告(上海)有限公司).	RMB10,000,000	PRC	October 16, 2012	100%	Advertising
Blue Universe Digital Technology Co., Ltd. (藍色宇宙數字科技 有限公司)	RMB150,000,000	PRC	January 18, 2022	100%	Advertising
BLUEFOCUS INTERNATIONAL LIMITED (藍色光標國際傳播集團有限公司) . .	HKD1,723,780,617	Hong Kong	March 13, 2009	100%	Marketing and Advertising
Madhouse Co., Limited (億動廣告傳媒有限公司).	USD40,000,000 HKD100,000	Hong Kong	November 3, 2010	100%	Advertising
BlueVision Interactive Limited	HKD10,000	Hong Kong	June 20, 2016	100%	Advertising
BLUEMEDIA PTE. LTD. .	USD8,000,000	Singapore	December 26, 2019	100%	Advertising

HISTORY AND CORPORATE STRUCTURE

As of the Latest Practicable Date, our Company had a total of 90 subsidiaries. For further details, see “— Corporate Structure” in this section.

For details of changes in the share capital of our subsidiaries, see “Statutory and General Information — (A) Further Information about Our Group — 3 Changes in the Share Capital of Our Subsidiaries” in Appendix IV to this document.

MAJOR CHANGES OF OUR COMPANY

1. Incorporation of our Company’s predecessor in 2002

In July 1996, Mr. Zhao founded BlueFocus Marketing together with other individuals, giving birth to the “BlueFocus” (藍色光標) brand. Since then, our business has continued to grow and our operations have steadily expanded in scale.

On November 4, 2002, the predecessor of our Company, BlueFocus Digital, was incorporated under the laws of the PRC as a limited liability company with an initial registered capital of RMB100,000. To facilitate and simplify the establishment process, Mr. Zhao, Mr. Gao Peng, Mr. Sun Taoran, Mr. Wu Tie, Mr. Xu Zhiping and Mr. Chen Lianghua (collectively, the “**Six Beneficial Owners**”), who were then six beneficial owners of BlueFocus Digital with 16.67% of equity interest each, arranged Mr. Gao Peng and another individual (who is an Independent Third Party) to be the initial registered shareholders of BlueFocus Digital holding 80% and 20% of the equity interests therein, respectively (the “**Initial Shareholding Arrangement**”). As advised by our PRC Legal Advisor, the Initial Shareholding Arrangement did not circumvent any mandatory provisions of PRC laws and regulations in any material respect.

HISTORY AND CORPORATE STRUCTURE

2. Capital Increase in November 2004 in BlueFocus Digital

In November 2004, the Six Beneficial Owners terminated the Initial Shareholding Arrangement and became registered shareholders of BlueFocus Digital by way of capital contribution by each of the Six Beneficial Owners and the acquisition of equity interest by Mr. Gao Peng from the then other initial registered shareholder of BlueFocus Digital, so as to reflect their respective beneficial interest therein, except that Mr. Wu Tie’s equity interest was registered under the name of his spouse, Ms. Hua Langshan. Upon completion of the above, the total registered capital of BlueFocus Digital was increased to RMB1.5 million and the then shareholding structure of BlueFocus Digital was as follows:

Number	Shareholder Name	Capital Contribution (RMB)	Shareholding as to total registered share capital (%)
1.....	Mr. Zhao (<i>Note</i>)	250,000	16.67
2.....	Mr. Gaopeng	250,000	16.67
3.	Mr. Sun Taoran	250,000	16.67
4.	Ms. Hua Langshan	250,000	16.67
5.....	Mr. Xu Zhiping	250,000	16.67
6.....	Mr. Chen Lianghua	250,000	16.67
	Total	1,500,000	100.00

Note: Mr. Zhao is our founder, executive Director and chairman of our Board.

3. Conversion to Joint Stock Company in January 2008

In preparation for the A Share Listing, on January 17, 2008, pursuant to a resolution passed at the Shareholders’ meeting of our Company, BlueFocus Digital was converted into a joint stock company with limited liability. Our Company was renamed as BlueFocus Communication Group Co., Ltd. (北京藍色光標品牌管理顧問股份有限公司) with a registered capital of RMB60 million. Upon the completion of the conversion, the shareholding of our then top 10 largest Shareholders was as follows:

No.	Shareholder Name	Number of Shares	Shareholding Percentage
1 . . .	Mr. Zhao (<i>Notes 1 & 2</i>)	7,383,333	14.77%
2 . . .	Mr. Xu Zhiping (<i>Note 2</i>)	7,348,333	14.70%

HISTORY AND CORPORATE STRUCTURE

No.	Shareholder Name	Number of Shares	Shareholding Percentage
3 . . .	Mr. Gao Peng	7,283,335	14.57%
4 . . .	Mr. Sun Taoran (<i>Notes 2 & 3</i>)	7,283,333	14.57%
5 . . .	Mr. Chen Lianghua (<i>Note 2</i>)	7,283,333	14.57%
6 . . .	Mr. Wu Tie (<i>Note 2</i>)	7,283,333	14.57%
7 . . .	Mr. Mao Chen	1,732,500	3.47%
8 . . .	Mr. Xie Jun	1,207,500	2.42%
9 . . .	Mr. Tian Wenkai	760,000	1.52%
10 . .	Mr. Ma Li	535,000	1.07%
	Total	48,100,000	96.23%

Notes:

1. Mr. Zhao is our founder, executive Director and chairman of our Board.
2. In December 2008, Mr. Zhao, Mr. Xu Zhiping, Mr. Sun Taoran, Mr. Chen Lianghua and Mr. Wu Tie entered into an act-in-concert agreement (the “**2008 AIC Agreement**”) pursuant to which they agreed, among others, to act in concert for their exercise of voting rights in our Company.

The 2008 AIC Agreement was subsequently terminated in March 2016 and was replaced by voting proxy arrangements (the “**2016 Voting Proxy Arrangements**”) entered into by Mr. Zhao with each of Mr. Xu Zhiping, Mr. Sun Taoran, Mr. Chen Lianghua and Mr. Wu Tie, pursuant to which each of them delegated his voting rights in our Company to Mr. Zhao.

The 2016 Voting Proxy Arrangements were terminated in 2020 as Mr. Chen Lianghua, Mr. Wu Tie and Mr. Xu Zhiping had not held any management position in the Company for a period of time and they might have had the intention to reduce their shareholding in the Company, to the best of the Company’s understanding after making reasonable enquiries.

In the meantime, to the best of the Company’s understanding after making reasonable enquiries with Mr. Zhao: (i) Mr. Sun Taoran did not intend to reduce his shareholding in the Company in the foreseeable future at that time. As such, Mr. Zhao and Mr. Sun Taoran entered into an act-in-concert agreement (the “**2020 AIC Agreement**”) in April 2020, pursuant to which Mr. Sun Taoran entrusted Mr. Zhao to exercise his voting rights in our Company on his behalf and to act in concert with Mr. Zhao on the matters regarding the management of the Company; and (ii) the 2020 AIC Agreement was terminated in August 2023 at Mr. Sun Taoran’s requests to facilitate his personal wealth management, his then plan to reduce his shareholding in the Company and his intention to cease to be a Director of the Company after the expiry of his term of office in May 2023.

As of the Latest Practicable Date, to the best knowledge of our Company, there was no acting in concert arrangement nor voting proxy arrangement between Mr. Zhao and any other Shareholder.

3. Mr. Sun Taoran was a former Director of the Company during the periods from January 2008 to May 2016, from April 2018 to May 2020, and from January 2022 to May 2023.

HISTORY AND CORPORATE STRUCTURE

4. Listing on the ChiNext Market of the Shenzhen Stock Exchange in 2010

Since February 26, 2010, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange under the stock code 300058. In connection with the A Share Listing, we issued an aggregate of 20,000,000 A Shares, accounting for approximately 25.0% of our then enlarged share capital. The shareholding of our then top 10 largest Shareholders immediately after the completion of the A Share offering was as follows:

No.	Shareholder Name	Number of Shares	Shareholding Percentage
1 . . .	Mr. Zhao (<i>Notes 1 & 2</i>)	7,834,533	9.793%
2 . . .	Mr. Sun Taoran (<i>Notes 2 & 3</i>)	7,703,333	9.629%
3 . . .	Mr. Wu Tie (<i>Note 2</i>)	7,383,333	9.229%
4 . . .	Mr. Xu Zhiping (<i>Note 2</i>)	7,348,333	9.185%
5 . . .	Mr. Chen Lianghua (<i>Note 2</i>)	7,343,333	9.179%
6 . . .	Mr. Gao Peng	7,334,335	9.168%
7 . . .	Shenzhen Fortune Venture Capital Management Co., Ltd. (深圳市達晨財信創業投資管理有限公司)	2,430,000	3.038%
8 . . .	Mr. Mao Chen	1,886,500	2.358%
9 . . .	Mr. Xie Jun	1,187,500	1.484%
10 . .	Shenzhen Fortune Venture Capital Co., Ltd. (深圳市達晨創業投資有限公司)	1,020,000	1.275%
	Total	51,471,200	64.338%

Notes:

- Mr. Zhao is our founder, executive Director and chairman of our Board.
- See note 2 in “— Major Changes of our Company — 3. Conversion to Joint Stock Company in January 2008” in this section for details of the 2008 AIC Agreement entered into and then subsisted among Mr. Zhao, Mr. Xu Zhiping, Mr. Sun Taoran, Mr. Chen Lianghua and Mr. Wu Tie.
- Mr. Sun Taoran was a former Director of the Company during the periods from January 2008 to May 2016, from April 2018 to May 2020, and from January 2022 to May 2023.

Since our A Share Listing in 2010 and before the Track Record Period, there were changes in the shareholding and capital structure of our Company as a result of, among others, capital increase, stock options and incentive plans, issue of shares for acquisitions and placements and share repurchase and cancelation, as part of our normal course of business as a company listed on the Shenzhen Stock Exchange.

HISTORY AND CORPORATE STRUCTURE

5. Adoption of the 2023 Stock Incentive Plan

In 2023, we have adopted the 2023 Stock Incentive Plan to establish a long-term incentive mechanism and better align employee interests with our Company’s strategic development. The plan was subsequently approved by our Shareholders at an extraordinary general meeting. Pursuant to the 2023 Stock Incentive Plan, a total of 80,000,000 restricted A Shares were granted to 244 participants. Eligible participants included Directors (excluding independent non-executive Directors), senior management (excluding supervisors), and other key employees of our Group. The restricted Shares shall be subscribed by participants through non-public issuance and fully funded by the participants themselves upon the vesting.

In August 2024, the vesting conditions for the first vesting period in respect of the restricted Shares granted under the 2023 Stock Incentive Plan were satisfied. As a result, 39,265,000 restricted Shares were vested in 212 eligible participants out of the original 244 participants. Among the 244 original participants, 27 individuals resigned from our Group and were no longer eligible as participants under the 2023 Stock Incentive Plan upon the vesting and the corresponding 1,420,000 unvested restricted Shares granted to them were forfeited. Additionally, since five individuals failed to fulfill individual performance requirements under the vesting conditions of the 2023 Stock Incentive Plan, 25,000 unvested restricted Shares granted to them were forfeited correspondingly. The remaining 39,290,000 unvested restricted Shares have been granted to 217 eligible participants and shall be vested in them upon the fulfillment of vesting conditions for the second vesting period under the 2023 Stock Incentive Plan.

Following the Company’s 2023 annual dividend distribution, under which RMB24.8754 million was distributed to all Shareholders based on a then total issued share capital of 2,487,538,734 Shares, with a cash dividend of RMB0.10 (tax inclusive) for every ten Shares, the vesting price of each restricted Share was adjusted to RMB4.32 in accordance with the relevant terms of the 2023 Stock Incentive Plan. All restricted Shares under the 2023 Stock Incentive Plan are subject to lock-up and transfer restrictions prior to the vesting. For more details of the 2023 Stock Incentive Plan, see Appendix IV.

6. Capitalization of Capital Reserve in May 2025

In May 2025, our Company approved the 2024 annual profit distribution plan and implemented a capitalization of capital reserve, under which four bonus Shares were issued for every ten existing Shares to our Shareholders, based on the then total issued share capital of 2,526,803,734 Shares. A total of 1,010,721,493 A Shares were issued through the capitalization of capital reserve, increasing the total share capital from 2,526,803,734 Shares to 3,537,525,227 Shares.

HISTORY AND CORPORATE STRUCTURE

7. Post-TRP Acquisition

In June 2025, we entered into a share purchase agreement in respect of the acquisition (the “**Post-TRP Acquisition**”) of 75% of the issued share capital of Aries International Ltd. (“**Aries International**”) at a consideration of approximately US\$1.63 million. The Post-TRP Acquisition is expected to be completed within the third quarter of 2025. Pursuant to Rule 14.04(9) of the Listing Rules, all applicable percentage ratios in respect of the Post-TRP Acquisition are below 5% by reference to the most recent audited financial year within the Track Record Period. For further details, see “Waivers from Strict Compliance with the Listing Rules — Waiver in Relation to Post-TRP Acquisition” in this document.

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any other major acquisitions, disposals or mergers.

8. Others

As our Company is a public company listed on the Shenzhen Stock Exchange with diverse shareholding base, our shareholding structure is subject to changes as a result of trading of A Shares by our Shareholders or investors which are beyond the control of us and our current single largest Shareholder, Mr. Zhao (except with respect to his own shareholding).

None of our Shareholders could control (within the meaning of “controlling shareholder” under the Listing Rules) or exert significant influence over the management of the Company during the Track Record Period and as of the Latest Practicable Date because: (i) our Company had no controlling shareholder (within the meaning of the Listing Rules) nor any substantial shareholder (within the meaning of the Listing Rules); and (ii) no Shareholder held more than 5% of the total issued A Shares during the Track Record Period and as of the Latest Practicable Date. As of the Latest Practicable Date, to the best knowledge of our Company, there was no acting in concert arrangement nor voting proxy arrangement between Mr. Zhao and any other Shareholder.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Since February 2010, our A Shares have been listed on ChiNext Market of the Shenzhen Stock Exchange. Our Directors confirm that, since our A Share Listing and up to the Latest Practicable Date, there had been no instances of our material non-compliance with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, save as disclosed in the section headed “Risk Factors — Risks Relating to our Business and Industry”, there are no material matters in relation to our compliance record on the Shenzhen Stock Exchange that should be brought to the attention of the Stock Exchange or potential [REDACTED] of the [REDACTED]. Our PRC Legal Advisor is of the view that based on the public searches on the websites of Shenzhen Stock Exchange and CSRC and its Beijing Office, during the Track Record Period and up to the Latest Practical Date, there are no records of material non-compliance of the Company and its subsidiaries with the rules of the Shenzhen Stock Exchange and other

HISTORY AND CORPORATE STRUCTURE

applicable securities laws and regulations. Therefore, nothing has come to the PRC Legal Advisor’s attention that, during the Track Record Period and up to the Latest Practical Date, the Company and its subsidiaries had any instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations in any material respect.

Based on the independent due diligence conducted by the Joint Sponsors, no material matter has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

We seek to [REDACTED] our H Shares on the Stock Exchange to raise additional capital for business growth and expansion, diversify our fundraising channels, reinforce our industry standing, enhance global brand awareness and competitiveness, and optimize our capital structure and shareholder composition to support sustainable development and governance. For details, see “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” in this document.

[REDACTED] FLOAT

Pursuant to Rules 8.08(1)(b) and 19A.13A of the Listing Rules, as our Company has Shares apart from the H Shares for which [REDACTED] is sought, the total securities of our Company held by the [REDACTED] (on all regulated market(s) including the [REDACTED]) at the time of [REDACTED] must be at least 25% of our Company’s total number of issued shares (excluding treasury shares, if any), and the H Shares for which [REDACTED] is sought must represent at least 15% of our Company’s total number of issued shares (excluding treasury shares if any).

So far as our Directors are aware and to the best knowledge of our Directors, immediately following the completion of the [REDACTED], the Shares held by our core connected persons will not be counted towards the [REDACTED] for the purpose of the Rule 8.08 of the Listing Rules. Shares held by our core connected persons immediately following the completion of the [REDACTED] include: (i) a total of 140,000,000 A Shares held by Mr. Zhao, 1,418,158 A Shares held by Mr. Xiong Jian, 5,151,006 A Shares held by Mr. Pan Anmin and 350,000 A Shares held by Ms. Chen Jianhong, all of whom are our Directors; and (ii) 1,400 A Shares held by the spouse of Mr. Xiong Jian, our executive Director.

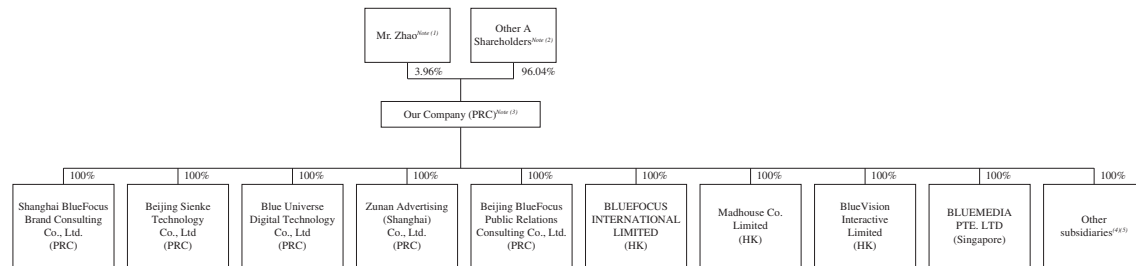
To the best knowledge of our Directors, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of the Company between the Latest Practicable Date and the [REDACTED] except for the [REDACTED]), it is expected that at least 25% of the Company’s total number of issued shares (A Shares and H Shares in aggregate) will be held by the public and the total number of H Shares of our Company upon [REDACTED] is expected to represent approximately [REDACTED]% of the total number of issued Shares of our Company.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [REDACTED].



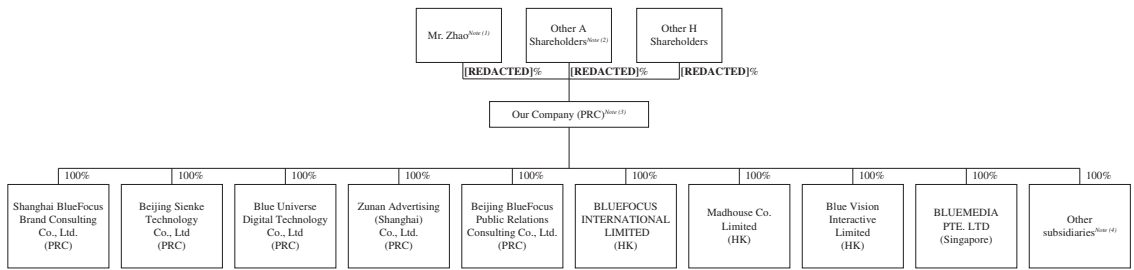
Notes:

- (1) As of the Latest Practicable Date, among the 140,000,000 A Shares held by Mr. Zhao, 32,196,561 of which were subject to share pledge, and 62,999,999 of which were subject to an enforcement order to freezing shares (“股份凍結執行決定”) as imposed by court in the PRC, respectively. To the best of our Directors’ knowledge and after making reasonable enquiries with Mr. Zhao, the share pledge was effected as security for Mr. Zhao’s personal financing arrangement with an Independent Third Party, and the enforcement order to freezing shares arose from judicial proceedings in the PRC involving Mr. Zhao and several Independent Third Parties.
- (2) Among the other A Shareholders, the largest A Shareholder after Mr. Zhao was Lakala, which was interested in approximately 3.93% of our total issued A Shares as of the Latest Practicable Date. Mr. Sun Taoran is a founder and currently the chairman of Lakala. Among the other A Shareholders also included our employees. For more details, please refer to “Major Changes of Our Company” in this section and “Appendix IV Statutory and General Information — (C) Further Information about Our Directors and Shareholders.”
- (3) Shareholding of our Company is based on a total of 3,537,525,227 issued A Shares as of the Latest Practicable Date.
- (4) As of the Latest Practicable Date, there were 81 other subsidiaries of our Company, which are not considered as our major subsidiaries. For further details of the major subsidiaries of our Company, see “— Our Major Subsidiaries” in this section. For further details of the principal subsidiaries of our Company as of December 31, 2024, see Note 44 of the Accountants’ Report as set out in Appendix I in this document.
- (5) As of the Latest Practicable Date, Beijing Jiebao Data Technology Co., Ltd. (北京捷報數據技術有限公司) was held by our Group and two individuals, who were Independent Third Parties, as to 95%, 4% and 1%, respectively. For details of other non-wholly owned subsidiaries of our Company, please refer to the section headed “Appendix IV — Statutory and General Information — (C) Further Information about our Directors and Shareholders — 3 Disclosure of Interests — Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)”.

HISTORY AND CORPORATE STRUCTURE

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion the [REDACTED], assuming the [REDACTED] is not exercised, and no additional Shares are issued pursuant to our 2023 Stock Incentive Plan.



Notes: For notes (1) to (5), see “— Corporate Structure — Corporate Structure Immediately Before the [REDACTED]” in this section.

BUSINESS

OVERVIEW

Who We Are

Founded in 1996, we have been adhering to the philosophy of “Grounded in Expertise, Driven by Excellence,” and are committed to providing one-stop, technology-driven marketing services to clients across industries, addressing their full-spectrum marketing needs throughout the business lifecycle.

During the Track Record Period, our marketing services have reached nearly 200 countries and regions globally, serving over 100,000 clients, including over 100 Fortune China 500 companies. Our revenue increased from RMB36,682.6 million in 2022 to RMB60,796.9 million in 2024, representing a CAGR of 28.7%.

According to Frost & Sullivan, we were the largest Chinese marketing service provider in terms of revenue in 2024, and the only Chinese marketing service provider among the world’s top ten players, ranking tenth.

“All in AI” Strategy

In 2023, we launched the “All in AI” strategy to lead the application of AI in the marketing industry and capture the new wave of emerging technology revolution. This strategy reflects our commitment to using AI to reshape and grow our business.

We have developed Blue AI, a marketing domain-specific application engine for large language models. Leveraging Blue AI, we have cleansed and labeled over 120 million data entries specific to the marketing domain, forming a robust marketing database. Building on this foundation, we have continuously developed Blue AI Agents tailored to key aspects of our business operations, including data insights, content generation, campaign execution and post-campaign analysis. As of December 31, 2024, we had developed 137 Blue AI Agents ready for deployment across specific marketing scenarios, significantly enhancing workflow automation and intelligence, as well as business efficiency. In 2024, our gross billing generated from AI-driven business amounted to approximately RMB1.2 billion.

We have integrated AI capabilities into our talent development framework. AI proficiency has been embedded into the core criteria for talent selection and cultivation to ensure a sustainable pipeline of AI-literate professionals. As of the Latest Practicable Date, we had approximately 350 employees who are highly proficient in using AI as tools to improve our business operation.

BUSINESS

“Globalization 2.0” Strategy

In 2024, we launched the “Globalization 2.0” strategy to facilitate the gradual transformation of overseas marketing services from a traditional agency-based business model to a business model that is based on (i) localized operations and (ii) technology empowerment. This strategy intends to broaden our global client reach, elevate service quality and efficiency, unlock economies of scale of our globalized business. Specifically:

- Localized operation: we had set up five overseas offices as of the Latest Practicable Date in the United States, Vietnam, Thailand, Indonesia, and Singapore, continuously enhancing our on-the-ground service capabilities in overseas markets. With dedicated local teams, we help clients engage more effectively with target audiences by leveraging regional media resources and tapping into local consumer insights. Our localized operations not only improve the relevance and impact of our overseas marketing services, but also lay a strong foundation for refining and expanding our service offerings.
- Technology empowerment: we have integrated AI and metaverse technologies to develop intelligent tools and platforms for various marketing scenarios. Leveraging predictive algorithms, we enhance our ability to aggregate and activate media resources from mid- to long-tail platforms through programmatic advertising. In parallel, we build proprietary digital IPs to develop structured and replicable pathways to client engagement. Both efforts contribute to the development of our proprietary traffic pools.

BUSINESS

Our Business

The following sets forth a summary of our marketing services by business segments.

Overseas Marketing Services	Digital Advertising Services We plan, launch and manage advertising campaigns for clients on overseas media platforms. Integrated Marketing Services We provide one-stop services across the full spectrum of marketing activities, including social media marketing, big data analytics, PR services, design and produce marketing creatives, and end-to-end campaign management. Programmatic Advertising Services We provide programmatic advertising services through our proprietary platforms, namely Blue X and Blue Turbo. Others We provide other marketing services, including Luban Kuajingtong, which is a SaaS platform tailored for emerging cross-border e-commerce clients.
Domestic Integrated Marketing Services	PR Services We provide full-stack PR services that include media relationship management, event planning and coordination, data analytics and crisis management. Other Integrated Marketing Services We provide one-stop services across the full spectrum of marketing activities, including social media marketing, big data analytics, design and produce marketing creatives, and end-to-end campaign management.
Domestic Advertising Services	Digital Advertising Services We plan, launch and manage advertising campaigns for clients on China-based media platforms. Programmatic Advertising Services We provide programmatic advertising services primarily through our proprietary UGdesk platform.

Please refer to “— Our Operating Model” for details of each line of business.

BUSINESS

Our Market Opportunities

China has a large and expanding marketing industry that has experienced steady growth in recent years. According to Frost & Sullivan, the market size of China’s marketing industry is projected to increase from RMB1,885.8 billion in 2024 to RMB3,011.7 billion in 2029, with a CAGR of 9.8% from 2024 to 2029. This growth is primarily driven by continued advancements in digital transformation, the growing adoption of AI-powered services, and rising demand for comprehensive marketing services across industries.

Overseas marketing has emerged as a key and one of the fastest-growing segments. According to Frost & Sullivan, the market size of China’s overseas marketing industry is projected to increase from RMB440.4 billion in 2024 to reach RMB786.6 billion in 2029, representing a CAGR of 12.3% from 2024 to 2029, exceeding the projected 9.8% growth of the overall marketing industry during the same period.

The overseas marketing industry is expected to maintain strong momentum. The demand for overseas marketing services is expected to continue growing, driven by ongoing policy support for the globalization of Chinese companies, a structural shift from product export to brand export, the accelerating international expansion of digital media platforms, and the widespread adoption of AI technologies that are transforming the efficiency and scalability of global marketing operations. These developments have significantly lowered the barriers for Chinese companies to engage global consumers and are expected to sustain strong momentum for the overseas marketing industry in the years ahead.

These favorable industry trends present us with significant growth opportunities. Leveraging our leading market position, strong brand recognition, and technological capabilities, we are well positioned to capture the continued expansion of the overseas marketing industry and further grow our market share.

OUR STRENGTHS

A Global-Leading, Technology-Driven Marketing Company in China Through Nearly Three Decades of Relentless Efforts

We have achieved leading positions in several segments within the marketing industry. According to Frost & Sullivan, in terms of revenue in 2024:

- We were the largest Chinese marketing service provider, and the only Chinese marketing service provider among the world’s top ten players, ranking tenth.
- We were the largest Chinese overseas marketing service provider.

BUSINESS

- We were the third largest Chinese domestic integrated marketing service provider.
- We were the largest Chinese digital advertising service provider.

Leveraging our professional expertise and strong reputation, we have become a widely trusted brand by clients worldwide and honored with prestigious awards, including being listed among the Fortune China 500 and the Top 500 Chinese Private Companies.

We believe that our market-leading position, first-mover advantage, widely recognized brand reputation and advanced technological capabilities will help us capture market opportunities, continuously enhance our competitive advantages and achieve long-term sustainable growth. These strengths will further solidify our position as a leader in China’s marketing industry.

AI Technologies Underpinning Our Entire Operations

AI technology is substantially integrated into key aspect of our business operations. Our AI technology allows us to transform the massive marketing campaign volume and insights into business intelligence and operating know-how, which we use to constantly enhance our services and our operational efficiency, and distinguish us from traditional marketing companies.

Marketing Database. As of December 31, 2024, we had over 120 million data entries, with video-related data accounting for approximately 67%. We systematically cleanse and accurately label data to build a marketing database with both scale and precision advantages, providing strong support for AI-related technology improvements and application.

Operating Efficiencies. We continue to integrate AI across key business operations to enhance service quality and drive operational efficiency. Our employees widely adopt AI in their daily work, which significantly enhanced productivity and enabled more customized, responsive service delivery. These improvements have also enhanced our capacity to serve a larger client base and capture additional business opportunities. AI-driven gross billing increased from RMB100.0 million in 2023 to approximately RMB1.2 billion in 2024.

Business Intelligence. As of December 31, 2024, we had developed 137 Blue AI Agents and delivered over 1,500 AI-driven marketing campaigns to approximately 600 clients across industries, demonstrating our strong capabilities and leading position in applying AI technologies to marketing. In 2024, we had a token usage of approximately 42.9 billion across various AI models, indicating substantial model interaction and processing volume.

BUSINESS

Leading Position in Overseas Marketing Industry Fueling Remarkable Growth with Localized Presence

As one of the pioneering Chinese marketing companies to enter the overseas market, we prioritize globalization as one of our key development strategies and have consistently implemented this strategy throughout our development. Expanding into overseas markets not only allows us to capture more growth and business opportunities, but also hedges against fluctuations in any individual market, thereby strengthening our business resilience throughout economic cycles.

During the Track Record Period, our overseas marketing services have been delivered in nearly 200 countries and regions. Our revenue generated from overseas marketing services increased from RMB26,369.7 million in 2022 to RMB48,333.0 million in 2024, representing a CAGR of 35.4%. In terms of revenue in 2024, we are the largest overseas marketing service provider in China, according to Frost & Sullivan.

Since the launch of our globalization strategy, we have actively expanded our overseas presence and built a broad international footprint, with a strong focus on enhancing localization across our operations. As of the Latest Practicable Date, we had established five overseas offices to continuously strengthen our local service capabilities. Through our local teams, we help China-based clients expanding overseas to connect more closely with their target audiences. By tailoring marketing content and plans to local preferences, we improve service efficiency and strengthen client engagement.

Diverse and Highly Engaged Client Base with Extensive Media Platform Relationships

Clients

Our one-stop marketing services help clients grow and transform. With strong service capabilities and deep cross-industry insights, we have attracted an extensive and high-quality client base. During the Track Record Period, we served more than 100,000 clients across more than 150 industries. Our client portfolio included over 100 Fortune China 500 companies.

By continuously strengthening our service capabilities through technology and maintaining a deep understanding of client needs, we have earned broad market recognition. The retention rate for clients increased from 52.8% in 2023 to 66.9% in 2024, with many clients maintaining collaborations with us for over a decade.

Media Platforms

We have established a comprehensive media platform network spanning all major channels.

BUSINESS

In China, we collaborate with substantially all leading media platforms, including Tencent and Baidu, enabling extensive coverage across diverse marketing scenarios to address clients’ needs.

In overseas markets, we were one of the largest agents of Google and Meta in China in terms of gross spending during the Track Record Period. We have built extensive relationships with regional media platforms, supporting clients in efficiently executing localized marketing campaigns. In addition, we actively integrate emerging media resources and maintain stable collaborations with overseas KOLs and celebrities, enabling clients to capture mid- to long-tail traffic and precisely reach segmented audiences.

Synergies

Our vast client base and extensive media platform resources form a positive synergy, not only helping clients achieve efficient marketing but also introducing high-quality clients to media platforms. We believe that, leveraging our strong brand recognition and growing economies of scale, we are well positioned to enhance our market competitiveness and drive sustainable business growth.

Visionary and Experienced Management Team with a Well-Defined Talent Development Framework Supporting Strategic Growth

Our senior management team has extensive industry experience with forward-looking strategic thinking, solid technical R&D capabilities, and extensive marketing industry experience, laying a solid foundation for our development. Specifically:

- Mr. Zhao, our chairman of the Board and founder, has approximately 30 years of experience in marketing and management. Since our inception, he has provided clear strategic leadership, guiding us to navigate macroeconomic cycles and positioning the business for long-term sustainable growth.
- Mr. Xiong Jian, our vice chairman of the Board and vice president, has approximately 20 years of experience in marketing. Since joining us, he has been deeply involved in day-to-day operations and has led our transformation to digitalization. He built our digital marketing team, drove our transition from traditional PR to digital marketing, and advanced our strategic initiatives in emerging areas such as the metaverse.
- Mr. Pan Anmin, our chief executive officer, has extensive experience in marketing and management. He led our transition to mobile internet era and spearheaded several major mergers and acquisitions. He also led our overseas and intelligent marketing initiatives, playing a key role in formulating and implementing our “All in AI” and “Globalization 2.0” strategies.

BUSINESS

We uphold our core value of putting “employees first.” Through the implementation of incentive plans and a comprehensive benefits system, we attract, retain, and motivate top talent, ensuring team stability and strategic alignment with our corporate objectives.

We integrate AI capabilities into our talent development framework. We actively encourage employees to embrace and apply AI technologies in their work. AI literacy has been incorporated as a mandatory criterion in recruitment, promotion, and performance evaluation processes, enabling our team to maintain a leading edge in an evolving market environment.

OUR STRATEGIES

“All in AI” Strategy

We will continue to implement the “All in AI” strategy. Going forward, we plan to reshape our business models, service processes, organizational structures, and culture by embracing an AI native mindset, driving our transformation into an AI-driven marketing technology company. Specifically:

- ***Enhance AI Marketing Capabilities.*** We will continue to innovate products and services under AI native logics. We plan to explore new marketing approaches, such as AI-powered traffic distribution and personalized advertising formats. We also plan to invest in companies with robust AI capacities to build synergy and promote broader use of AI in the marketing industry.
- ***Improve Blue AI.*** We will continue to improve Blue AI, our marketing domain-specific application engine for large language models. We aim to develop a closed-loop system driven by large-scale marketing data, where data labeling enables accurate content generation, and campaign feedback is continuously fed back into the model to refine performance. We also plan to enhance Blue AI to support the development and deployment of intelligent agents with industry-specific expertise.
- ***Strengthen Data Assets and Business-Driven AI Applications.*** We will continue to expand our marketing data through real-world business use. We will focus on developing additional Blue AI Agents, turning core marketing process into modular, standardized workflows, and deepening capabilities in video-related AI applications.
- ***Integrate AI into Talent Framework.*** We will continue to promote AI adoption across operations. We plan to expand AI talent pool, upgrade evaluation standards, and apply AI-focused thinking in recruitment, team building, and leadership selection to ensure strong execution through the integration of marketing and technology.

BUSINESS

“Globalization 2.0” Strategy

We will continue to implement the “Globalization 2.0” strategy. Specifically:

- ***Strengthen Global Presence and Cultivate Local Capabilities.*** We plan to deepen our presence in established markets such as the United States, while accelerating expansion into European markets with strong demand for premium services, emerging Southeast Asian regions, and promising Latin American markets. We will set up overseas offices based on local market characteristics, build a localized service network covering mature, emerging, and high-potential markets, and allocate resources and teams strategically to improve local responsiveness and customized service capabilities.
- ***Expand Media Platform Coverage and Mid- to Long-Tail Media Resources.*** We plan to broaden our media network by tapping into new traffic sources in existing markets. We will strengthen cooperation with emerging media platforms, continue to optimize our programmatic advertising platforms (Blue X and Blue Turbo), and build structured platforms that connect with overseas KOLs to unlock the marketing value of mid- to long-tail traffic.
- ***Build an AI-Powered Proprietary Traffic Pool.*** We plan to build a global proprietary traffic pool powered by AI. We will introduce our proprietary digital IPs as virtual influencers to support efficient, scalable, and cost-effective content production. By tracking social media trends in real time and generating content through AI, we aim to create a closed loop of user engagement and AI-driven amplification to improve traffic acquisition and strengthen our competitive edge.

“Metaverse 123” Strategy

We will continue to implement the “Metaverse 123” Strategy. Specifically:

- One core industry: the cultural and tourism industry. We will continue to roll out VR experience space projects at tourist attractions.
- Two core assets: digital content assets and property space assets. We aim to gradually build a resource system that includes proprietary digital IPs and immersive 3D models, laying the groundwork for new closed-loop business models.
- Three areas: the regional cultural-tourism, the global expansion, and the content creation.

BUSINESS

We plan to strengthen each of the aforementioned three areas through targeted initiatives:

- For the regional cultural-tourism, we plan to establish city-based teams and adopt locally tailored approaches to enhance project execution and coordinate regional resources more effectively.
- For the global expansion, we plan to introduce China’s VR experience spaces to overseas markets by collaborating with local cultural and tourism authorities, as well as national-level cultural exchange institutions, to promote international cultural engagement.
- For the content creation, we plan to deepen collaboration with universities, professional organizations, and industry standard-setting bodies. Through ongoing dialogue and business exchange focused on the integration of emerging technologies with creative content, we aim to foster a high-quality creator network covering content production, development, and distribution across the entire value chain.

Explore Opportunities for Strategic Investments, Acquisitions, and Partnerships

We plan to seek acquisitions, investments, and strategic partnerships when appropriate opportunities arise, with the aim of extending our value chain, enhancing service capabilities, and strengthening overall competitiveness. For instance, we may pursue investment or merger and acquisition opportunities that align with our growth strategy and demonstrate potential synergies, enabling us to refine our industrial ecosystem and cultivate new growth drivers.

When selecting and evaluating potential opportunities, we will employ a comprehensive and prudent approach, taking into account various factors including synergies with existing businesses, technological capabilities, the experience and expertise of management teams, as well as valuation and estimated costs.

The scale of our future investments or acquisitions may vary. We expect to allocate a portion of the [REDACTED] from the [REDACTED] to implement this strategy. As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets that we intend to fund with the net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED]” for more details.

BUSINESS

OUR OPERATING MODEL

Our Marketing Services

We provide one-stop, technology-driven marketing services to support clients’ full-lifecycle marketing needs.

The following table sets forth our revenue by business segments for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB'000, except percentage)</i>						
Overseas Marketing						
Services	26,369,700	71.9	37,363,084	71.0	48,332,990	79.5
Domestic integrated						
Marketing Services	6,519,536	17.8	11,282,094	21.5	8,133,348	13.4
Domestic Advertising						
Services	3,793,349	10.3	3,970,756	7.5	4,330,578	7.1
Total	36,682,585	100.0	52,615,934	100.0	60,796,916	100.0

Overseas Marketing Services

We provide overseas marketing services primarily to China-based clients from different industries seeking to grow in overseas markets. Leveraging our collaborations with a wide range of overseas media platforms, we enable clients to effectively reach their target audiences and address their full-lifecycle overseas marketing needs.

Key Services

Our overseas marketing services primarily include the following types of marketing services:

- **Digital advertising services.** Digital advertising services represent the core offering of our overseas marketing services. We plan, launch and manage advertising campaigns on overseas media platforms. These campaigns are designed to enhance brand awareness, enable precise audience targeting and user acquisition, and drive business growth for clients. These services are delivered through an end-to-end process encompassing all key stages of campaign execution.

For further details, see “— Key Service Flow” below.

BUSINESS

- **Integrated marketing services.** We provide clients with one-stop services across the full spectrum of marketing activities tailored to clients’ brand positioning and marketing goals. These include:
 - Social media marketing through collaborations with overseas celebrities and KOLs;
 - Big data analytics, through which we generate data-driven, actionable business insights to support clients’ business decision-making;
 - PR services;
 - Design and produce marketing creatives; and
 - End-to-end campaign management, from planning to execution.

For further details, see “— Key Service Flow” below.

- **Programmatic advertising services.** We provide clients with programmatic advertising services through our proprietary platforms (Blue X and Blue Turbo). Through these platforms, clients can place advertisements across overseas mid- to long-tail media platforms.
 - Blue X is a platform that facilitates the sale of advertising inventory. It aggregates advertising inventory from various mid- to long-tail media platforms and makes it accessible to multiple demand sources, including Blue Turbo. Beyond aggregation, Blue X supports real-time bidding, audience matching, and content relevance analysis, functioning as a centralized exchange that intelligently routes traffic based on demand quality and yield potential. In addition, Blue X provides detailed data and generates comprehensive reports to assist media platforms make informed business decisions. By analyzing advertising content quality, target audience, and conducting real-time auctions, Blue X improves monetization efficiency and optimizes the use of advertising resources.
 - Blue Turbo is a platform that facilitates the purchase of overseas advertising inventory, primarily for large-scale business clients. It streamlines advertising buying process by enabling clients to manage campaigns and execute real-time bidding across multiple media channels through a single user interface. Powered by AI and machine learning, the platform continuously optimizes budget allocation, audience targeting, and bidding strategies, dynamically adjusting campaigns to improve performance and return on investment. It enables precise budget control and delivers a data-driven, efficient advertising experience.

BUSINESS

- **Others.** We also provide other marketing services, including Luban Kuajingtong, which is a SaaS platform tailored for emerging and mid-sized cross-border e-commerce clients, connecting them with advertising inventory on premium overseas media platforms. This platform provides automated and “a-la-carte” services to support the entire digital marketing workflow, including account setup, marketing budget allocation, selection of campaign strategies, creative campaign content production, and advertising placement, tracking and optimization.

Case Studies

Case Study I

We provided overseas marketing services to Alibaba, offering customized advertising strategies tailored to the needs of its target audiences. We have supported over 20 Alibaba products in executing advertising plans across more than 20 overseas media platforms.

For example, we supported AliExpress, Alibaba’s global online shopping platform, in its Double 11 campaign targeting Latin American and North American markets. By identifying and engaging KOLs whose content aligned with local consumer behavior and preferences, we created advertising creatives that effectively drove consumer engagement. We also assisted Lazada, Alibaba’s Southeast Asian e-commerce platform, with its Double 11 and Double 12 campaigns across key Southeast Asian markets. During the marketing campaign, we developed nearly 3,000 tailored promotional videos and images, achieving wide-reaching coverage and engagement across the region.

链接全球，生意共振——阿里出海走出“中国生意的世界打法”

Background

我们与阿里巴巴集团开展深度合作，面向全球不同国家客户，提供本地化营销服务，助力其品牌出海。我们拥有成熟的营销团队，能够根据当地市场特点，制定精准的营销策略，提升品牌知名度和影响力。同时，我们还拥有强大的资源网络，能够整合全球优质的营销资源，为客户提供一站式的营销解决方案。

Strategy

我们采用“本地化+全球化”的策略，通过深入了解当地市场，制定符合当地消费者习惯的营销策略。同时，我们还利用全球化的资源网络，整合全球优质的营销资源，为客户提供一站式的营销解决方案。

Highlight

AliExpress | 拉美及北美双十一节点整合营销

- 精准定位目标人群，制定精准的营销策略。
- 整合线上线下资源，打造全方位的营销体系。
- 通过KOL营销，提升品牌知名度和影响力。
- 通过精准投放，提升转化率。

Lazada | 东南亚重点市场节点营销

- 通过精准投放，提升转化率。
- 通过KOL营销，提升品牌知名度和影响力。
- 通过精准投放，提升转化率。
- 通过KOL营销，提升品牌知名度和影响力。

BUSINESS

Case Study II

We provided overseas marketing services to Ecovacs over the past eight years, supporting its rapid growth through a comprehensive suite of services including digital advertising services and integrated marketing services such as PR services. Our marketing campaigns for Ecovacs have been delivered in Europe, North America, Southeast Asia, Japan and Korea, and Australia, contributing to Ecovacs’ brand awareness and product sales in global markets.

Following are the marketing creative we provided for Ecovacs.



Domestic Integrated Marketing Services

We provide domestic integrated marketing services that help clients of diverse industries grow and transform in China, spanning the full spectrum of marketing activities.

Key Services

Our domestic integrated marketing services primarily include the following:

- **PR.** We provide full-stack PR services upon client needs to help clients engage their target audiences, shape brand perception, build reputation, and manage risks, including:
 - Media relationship management. We plan, draft and distribute press releases for clients to ensure that key brand messages and marketing content are accurately and consistently conveyed to the public through various media platforms.

BUSINESS

- Event planning and coordination. We provide full-process coordination of brand events such as product launches, press conferences and promotional campaigns. Our services cover the entire process, from product positioning and planning to media engagement and on-site execution.
- Data analytics and crisis management. We monitor media exposure of clients’ brands across media platforms customized to client needs. When reputational risks arise, we support clients with crisis response planning, messaging development and coordinated media engagement.
- **Other Integrated Marketing Services.** We provide clients with one-stop services across the full spectrum of marketing activities. These include social media marketing, big data analytics, design and produce marketing creative, and end-to-end campaign management.

Case Studies

Case Study I

We provided integrated marketing services to Contemporary Amperex Technology Co., Limited (CATL) to support the launch of an AI-powered marketing campaign. The campaign featured an AI-generated advertisement that enabled users to personalize video content by inserting their own faces using Face Fusion technology, with AI-generated scripts dynamically tailored to each user’s city and emotional tone.

Our services covered campaign planning, including the strategic positioning of the campaign, content marketing, with end-to-end AI-assisted creative production, and campaign launch and management, involving cross-channel media platform distributions, as well as on-site exposure at the Guangzhou Auto Show. As a result, this immersive and user-driven experience encouraged high engagement and viral sharing, becoming a phenomenal event.



BUSINESS

Case Study II

We provided integrated marketing services to Dongfeng Yipai to support the launch of an AI-powered marketing campaign for its newly released vehicle. AI technologies were used across the entire campaign. We generated narrative scripts, animate high-fidelity digital characters, enabling efficient and automated content production. To ensure realistic visuals, we conducted multiple rounds of tests to closely replicate the proportions and details of the vehicle during the modeling process.

As part of the campaign, we also developed an interactive AI test drive game, allowing users to upload a photo and generate a personalized driving video with themselves as the lead character.

The campaign garnered significant attention, appearing on Weibo’s trending list and topping the automotive trending chart. The featured model, Dongfeng Yipai 2025 eπ007, also ranked first on major automotive media popularity lists following the launch event.



BUSINESS

Domestic Advertising Services

We provide domestic advertising services to clients. Our domestic advertising services are tailored to support clients in growing their business in China, enabling them to reach domestic audiences through China-based media platforms.

Key Services

Our domestic advertising services primarily include the following:

- **Digital advertising services.** We plan, launch and manage advertising campaigns for both Chinese and international clients across various media platforms. These campaigns are designed to enhance brand awareness, enable precise audience targeting and user acquisition, and drive business growth for clients. These services are delivered through an end-to-end process encompassing all key stages of campaign execution.
- **Programmatic advertising services.** We provide clients with programmatic advertising services through our proprietary UGdesk platform. Specifically, UGdesk is an intelligent DSP integrated with ad exchange capabilities, enabling clients to independently plan, execute, monitor, and optimize their advertising campaigns across media platforms. It provides a centralized dashboard for managing marketing creative, tracking real-time performance metrics, and leveraging automated tools for media placement and audience targeting. It also integrates A/B testing capabilities and customized reporting features, enabling clients to make data-informed decisions and improve campaign ROI.

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Case Studies

Case Study I

We provided domestic advertising services to HONOR to support the launch of its Magic 7 series smartphones.

Starting from in-depth product analysis, we identified key selling points of Magic 7 and developed marketing plans centered around these core features. Leveraging data insights, we precisely targeted key audience and placed ads across selected digital channels, aligning creatives and messaging with user interest segments. In addition to driving awareness and interest among our target users, we focused on converting high-intent users through search interception, effectively reaching valuable targeted audiences and increasing marketing effectiveness.



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Case Study II

We provided domestic advertising services to *Happy Eliminate* to support its annual themed activity *Holiday Happy Elimination*. In 2022, *Holiday Happy Elimination* partnered with the Dunhuang Museum under the theme “Echoes of Dunhuang”, creatively blending in-game mechanics with the visual aesthetics and cultural heritage of Dunhuang.

During the pre-launch phase, we produced a promotional video to spark engagement on social media. As the campaign rolled out, we designed hand-drawn posters featuring stories from Dunhuang mythology alongside the game’s signature animal characters and collaborated with KOLs across media platforms to showcase the event-exclusive gameplay. In the closing phase, we partnered with musicians to narrate the legends of Dunhuang through original lyrics, further strengthening *Happy Eliminate*’s brand identity. Throughout the campaign, we continuously monitored performance metrics and optimized media strategies in real time to maximize advertising effectiveness.



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Key Service Flow

Key Service Flow of Marketing Services

The following illustrates the typical procedures and flow of our marketing services:



- **Client briefing and engagement.**

We begin by engaging with clients to gather critical information about their brand positioning, products and services, marketing goals, and budget.

- **Campaign planning.**

For digital advertising services, we develop customized campaigns primarily based on client-provided information and marketing objectives, including (i) identifying target audiences, (ii) selecting appropriate media channels and platforms, (iii) designing campaign formats and content, (iv) determining timing and scheduling of the campaign, and (v) coordinating with media platforms for placement and media resource procurement.

For PR services, we tailor strategies to client needs. Specifically, (i) for media relationship management, we plan release timing and recommend distribution platforms, (ii) for event planning and coordination, we design the event format, agenda, and media invitee list, and recommend venues, and (iii) for crisis management, we advise on messaging, response frameworks, media channels, and cross-platform coordination.

For integrated marketing services, we formulate campaign strategies aligned with client needs. For example, for brand clients, this includes understanding brand positioning, selecting suitable media platforms, scheduling campaigns, and recommending appropriate KOLs or celebrities for engagement.

- **Campaign content generation.**

For digital advertising services and integrated marketing services:

- When campaign creatives are provided by clients, we review and make necessary adjustments to ensure compliance with applicable laws, regulatory requirements, industry standards and media platform policies.
- When campaign creatives are developed by us, they are produced by our in-house team of professional marketing content designers and optimizers.

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For PR services, we produce PR-related materials such as press releases, spokesperson speeches, Q&A scripts, briefing kits, and post-event summaries.

- **Campaign execution and management.**

For digital advertising services, we execute marketing campaigns in various formats, as disclosed in “— Marketing Formats” below. We assist clients in identifying and reaching target audiences that align with their products and services, thereby maximizing the effectiveness of their marketing spend. For performance-based campaigns, we monitor key performance metrics in real time, enabling data-driven assessment, timely optimization, and continuous alignment with the client’s marketing objectives.

For PR services, we execute specific campaign activities such as distributing press releases through selected media channels, coordinating with media representatives, and organizing media-facing events including press conferences and promotional activities. We also provide on-site support to ensure consistent message delivery and effective media engagement.

For integrated marketing services, we manage end-to-end campaign execution, primarily including message rollout, KOL and celebrity engagement, and content delivery across formats and channels.

- **Campaign wrap-up.**

Upon completion of each campaign, we prepare and deliver comprehensive performance reports to clients. These reports typically include a breakdown of actual spending, execution details, and key insights derived from the campaign results.

AI Empowerment

We apply Blue AI across the every stage of the key service flow:

- **Client briefing and engagement.** We leverage Blue AI to assist in capturing and analyzing client needs, organizing key inputs such as brand positioning, product and service attributes, marketing goals, and budget. This facilitates the generation of structured client profiles and supports more targeted campaign planning.
- **Campaign planning.** During the planning stage, our Blue AI assists in identifying target audiences by analyzing user data and behavior patterns.

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For digital advertising services, Blue AI facilitates the selection of appropriate media channels and platforms through performance modeling, design campaign formats and content based on platform preferences and past outcomes, determine campaign timing and scheduling through predictive analytics, and facilitate media resource procurement via automated allocation recommendations.

For PR services and integrated marketing services, Blue AI can analyze social media content to track consumer trends and shifts in interests, and facilitate the formulation of targeted content strategies and communication approaches.

For integrated marketing services, Blue AI can facilitate the analysis of brand positioning and platform performance to recommend campaign schedules, the selection of appropriate media channels and platforms, content formats, and suitable KOLs or influencers.

- **Campaign content generation.** We leverage Blue AI to support content generation through its multi-modal capabilities, which enable the extraction and synthesis of key information from text, images, and audio. Real-time market trend analysis is applied to inform creative direction and enhance content relevance. With the support of Blue AI:
 - For digital advertising, we apply deep semantic understanding and generative capabilities to assist in writing, visual asset creation, and content localization, enabling efficient, scalable, and personalized advertising content generation.
 - For PR services, Blue AI retrieves and organizes relevant information to generate and refine initial drafts of press releases, speeches, and Q&A documents.
 - For brand services, Blue AI assists in the creation and localization of various content formats based on client objectives, platform requirements, and brand positioning, while also supporting in-house production and compliance optimization.
- **Campaign execution and management.** Throughout campaign execution, Blue AI supports real-time data analysis to track key performance indicators. By continuously analyzing performance data across media platforms, Blue AI supports intelligent audience retargeting, budget reallocation and bid adjustment, ensuring that campaigns remain aligned with defined goals and perform efficiently across channels.
- **Campaign wrap-up.** Upon completion of a campaign, we utilize Blue AI to generate performance reports, summarizing key metrics and insights. Blue AI assists in extracting actionable insights related to audience engagement, channel effectiveness and content impact, supporting clients in evaluating campaign outcomes and planning future strategies.

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Our Marketing Technologies

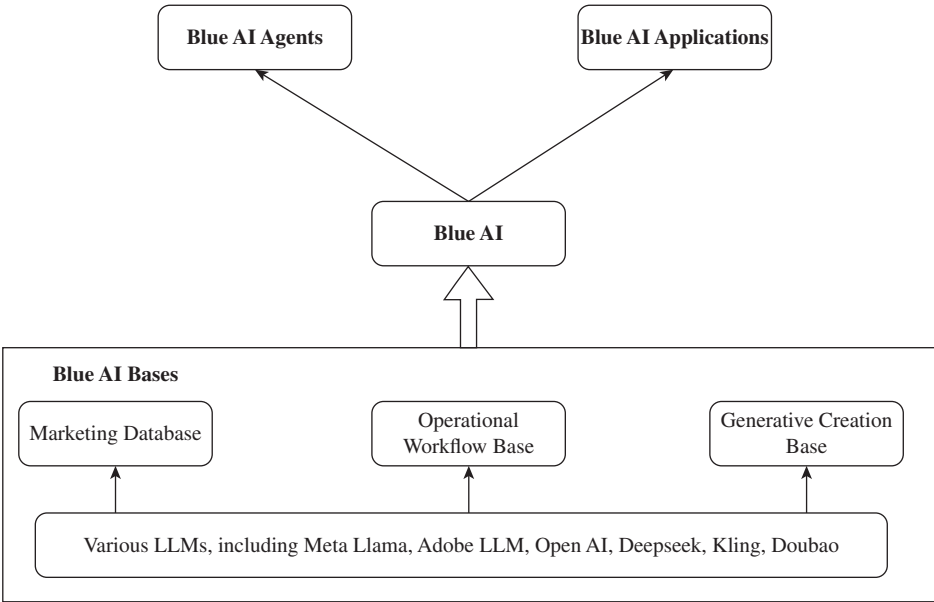
We delivered marketing services enabled by various technologies, primarily including AI-driven technologies and metaverse-related technologies.

Blue AI Infrastructure

Overview

We have established a proprietary Blue AI infrastructure that supports our business development and operations. This infrastructure comprises: (i) our Blue AI bases, including marketing database, operational workflow base and generative creation base, (ii) our Blue AI, which is a marketing domain-specific application engine for large language models, and (iii) a suite of Blue AI Agents and Blue AI applications designed for marketing-specific applications.

The following graph illustrates our Blue AI infrastructure:



Blue AI Bases

Blue AI is built on three foundational pillars:

Pillar 1. Marketing Database

We have developed a comprehensive marketing database to support intelligent decision-making, campaign planning, and performance optimization. This database primarily integrates data from third-party service providers, open sources and media platforms. We cleanse, label, and structure the data, transforming raw inputs into actionable marketing insights.

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Our marketing database had over 120 million data entries as of December 31, 2024. These include video data, advertising delivery data and social media text data, all of which have been cleansed and labeled for further application and analysis.

Our marketing database comprises five primary data libraries:

- Video library. The video library contains a large volume of marketing-related video materials. These include promotional videos, commercial footage, livestream replays, and other visual assets. This library serves as the foundation for video content analysis, visual element extraction, and AI-assisted creative generation.
- Marketing knowledge library. The marketing knowledge library contains marketing knowledge about brands, products, and attributes across various industries, allowing us to obtain in-depth market insights, form effective marketing strategies, and largely enhance the data precision and accuracy.
- Text library. The text library contains marketing-related textual data, including brand descriptions, campaign scripts, and audience feedback. This library supports text classification, sentiment analysis, semantic understanding, and brand messaging optimization.
- Client knowledge library. The client knowledge library contains insights and historical learnings derived from the campaigns about specific client, as well as knowledge related to their targeted marketing channels, audiences and demographics. It supports tailored marketing strategy design, long-term performance tracking, and client-specific creative customization.
- Marketing case library. The marketing case library contains insights as well as key performance information of classic and high-performing marketing campaign precedents, including innovative campaign creatives, execution details, and performance evaluations. It serves as a base for campaign design and strategic inspiration.

Pillar 2. Operational Workflow Base

We have developed an operational workflow base as a core foundation of the Blue AI. This base transforms traditionally manual marketing workflows into AI-driven or human-AI collaborative processes. It enables modular, traceable and intelligent management of marketing workflows across the full campaign lifecycle.

The operational workflow base codifies common processes and best practices into reusable, AI-driven process modules, coordinates critical workflow steps such as client brief intake, campaign plan formulation, audience targeting, media planning, budget allocation, and performance monitoring. By standardizing marketing processes and integrating feedback loops, this base ensures consistency, operational scalability and faster time-to-market.

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Pillar 3. Generative Creation Base

The generative creation base is a foundational component of Blue AI that supports the automated generation, adaptation, and optimization of marketing content across formats and platforms. Built on structured creative data and campaign context, it connects multi-modal materials, such as text, images, and videos, with advanced generative models through a unified workflow.

By integrating cleansed and labeled data, prompt templates, and performance feedback, it enables the efficient creation of high-quality, tailored content for different audiences, channels, and devices, while reducing the need for manual intervention and improving scalability.

Blue AI

Blue AI is our proprietary marketing domain-specific application engine for large language models, leveraging our strong technological capabilities and decades of accumulated marketing insights. Blue AI facilitates the transformation of critical key flows and empowers the development of intelligent applications and agents that translate LLM and AIGC capabilities into practical services for complex marketing tasks. Our gross billing generated from AI-driven business increased from RMB0.1 billion in 2023 to RMB1.2 billion in 2024.

The major capabilities of Blue AI include:

- **Multi-modal content generation.** Blue AI is equipped with advanced multi-modal generation capabilities that enable it to integrate text, images, audio, and video content. This supports the creation of rich and diverse marketing creatives tailored to different formats and delivery channels, enhancing overall content effectiveness and engagement.
- **Multi-modal data processing.** Blue AI processes text, images, audio and video, significantly enhancing comprehension and content generation capabilities across complex marketing scenarios. Leveraging vector representation and semantic retrieval technologies, it effectively identifies user needs and brand attributes, enabling cross-modal analysis and decision support for diverse and innovative marketing strategies.
- **Deep data insight and semantic analysis.** Blue AI delivers in-depth analysis of data, enabling a nuanced understanding of market signals, user behavior, and content context. Through semantic analysis and pattern recognition, it extracts actionable insights from diverse data sources to support intelligent content generation and marketing decision-making. This depth of understanding enhances the strategic relevance, consistency, and adaptability of AI-generated outputs across evolving campaign scenarios.

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- **Data security.** To ensure marketing content credibility, Blue AI uses a content verification module and strict data governance system to align generated content with brand values and compliance requirements. The platform also uses multi-layered security measures and privacy protection to keep user data and model operations safe throughout the process.

Blue AI Agents

Leveraging our Blue AI, we have developed a suite of intelligent agents for marketing scenarios, collectively referred to as Blue AI Agents. These agents are designed to solve concrete tasks and execute actions across the campaign lifecycle by integrating key capabilities including data perception, content generation, intelligent decision-making, and automated execution, forming a robust foundation for managing multi-scenario marketing tasks with efficiency and precision across complex and dynamic market environments. As of December 31, 2024, we had developed 137 Blue AI Agents. Among them, approximately over 15% were designated as Blue AI Expert Agents, which simulate the perception, planning, and decision-making capabilities of our experienced marketing professionals.

At their core, Blue AI Agents leverage multi-modal perception and automated decision-making to provide comprehensive intelligent support across the entire marketing value chain, from data analytics to content creation and strategic execution. As of December 31, 2024, our Blue AI Agents had been successfully deployed across over 100 scenarios, leveraging multi-modal data processing and real-time market insights to enable precise content and strategy generation.

Key categories of agents include:

- **Data insight agents.** These agents analyze structured and unstructured marketing data to identify user behavior patterns, evaluate campaign performance, and generate actionable insights for strategic decision-making.
- **Content generation agents.** These agents assist in creating various forms of marketing content, ranging from static materials like campaign proposals, scripts, product descriptions, and social media posts to dynamic formats such as videos and animations. All content is customized to fit specific platforms and target audience needs.
- **Execution agents.** These agents automate operational tasks, including campaign setup and performance tracking, thereby enhancing execution efficiency and reducing manual workload.
- **Campaign wrap-up agents.** These agents support campaign wrap-up, such as conducting performance reviews, drafting summary reports, and extracting key learnings to inform future campaigns.

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- Other agents. These agents perform auxiliary functions, including contract drafting, compliance monitoring, and risk identification, to streamline administrative processes and ensure regulatory alignment.

Blue AI Applications

Blue AI offers a suite of proprietary tools that support and enhance our day-to-day marketing campaign execution. These tools are designed to interface seamlessly with our Blue AI Agents, enabling us to efficiently manage tasks across the full campaign lifecycle. By integrating intelligent automation into operational workflows, these tools significantly improve execution efficiency, reduce turnaround time, and enhance overall campaign effectiveness.

In addition, leveraging Blue AI, we developed a Blue AI video platform for high-efficiency video production. Tailored for performance-driven campaigns, this platform enables rapid, large-volume generation of customized video creatives. We also collaborated with Adobe to launch a premium creative video services. These tools empower us to deliver visually engaging and customized content with greater speed, scalability, and precision.

Metaverse-related Technologies

Overview

Our marketing services also involve use metaverse-related technologies, including digital IP character creation, virtual reality (VR) and augmented reality (AR) design, and metaverse stimulation.

Digital IP Development

We have developed proprietary digital IPs, which are AI-generated digital characters used across social media, livestreaming, and digital campaigns to enhance content engagement and brand communication.

Our key digital IPs include *Su Xiaomei* (蘇小妹). As of December 31, 2024, *Su Xiaomei* (蘇小妹) had nearly one million followers across major social platforms. As a virtual influencer, she may be recommended to clients during campaign planning to serve as a spokesperson or content figure. In fact, she has appeared in national campaigns such as the Beijing TV Spring Festival Gala and a commercial for Ping An Bank.

In addition, we supported the Cultural and Tourism Bureau of Jilin Province in the development and dissemination of its first promotional video leveraging metaverse-related technologies, which showcased the winter landscape of Changbai Mountain. The campaign featured our proprietary digital IPs, *Chu Yi* (初一) and *Xuan Long* (玄龍), created using high-fidelity, hyper-realistic 3D rendering technologies. Facial expressions were captured and

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adapted through advanced motion capture systems. Each digital IP model comprised over 500,000 polygons, with cloth simulation achieving physically accurate effects and facial imaging quality closely replicating real human expressions. The campaign generated significant public attention.



Su Xiaomei (蘇小妹)



Chu Yi (初一)



Xuan Long (玄龍)

VR and AR

We apply VR and AR technologies as part of our marketing services, particularly during campaign content production. By embedding these technologies into our marketing services, we enable clients to deliver creative marketing campaigns that combine physical settings with virtual content, enhancing both engagement and storytelling impact, particularly in tourism and cultural marketing contexts.

VR immerses the participant in a fully simulated 3D environment, where they can explore digital scenes through VR headsets. During the Track Record Period, we primarily applied VR technology to recreate historical and cultural settings for scenic tourism sites. One example is the *Tengwang Pavilion project*, which is developed in collaboration with the Tengwang Pavilion Tourism Zone. This project utilizes our proprietary AI and XR spatial computing technologies, as well as advanced spatial mapping, virtual production, and large-space location-based experience systems, to allow visitors to navigate freely through a digital recreation of the site. Through VR headsets, visitors experience an immersive, in-headset journey that enables them to understand the cultural and historical context in an engaging and interactive way.

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In addition to VR scene reconstruction, we also apply AR technology to overlay digital content onto real-world environments. Visitors can access AR content through digital displays to simulate interactive experiences on-site.

We further integrate AI-driven features such as AI-guided tours, AI-powered performances, and interactive installations to enhance visitor engagement. For example, we plan to roll out AI-based photo booths that allow visitors to scan their faces, select costumes, and generate personalized videos and themed photos within minutes, offering a low-cost, high-efficiency alternative to traditional cosplay experiences.

The following are the illustrative pictures of our VR projects.



Metaverse Stimulation

We utilize advanced 3D simulation and XR technologies to develop immersive virtual spaces that support metaverse-based marketing. Such virtual spaces enable our clients to host interactive campaigns and events beyond physical limitations, offering a highly engaging and scalable alternative to traditional offline experiences.

In addition, we created Tomato Galaxy, a metaverse space launched on Meta’s platform. As one of the first interactive VR spaces of its kind, Tomato Galaxy features immersive virtual environments for brands across diverse sectors. Users can customize avatars, explore virtual showrooms, and participate in real-time interactions, making it one of the most recognized brand-led virtual spaces within Meta’s system.

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Marketing Formats

We deliver digital marketing services primarily via multiple media platforms, offering a wide range of marketing formats tailored to the specific needs of our clients, which mainly include native feed ads, app wall, offer wall, rewarded videos, interstitial ads, splash ads, in-banner videos, in-stream videos, and playable ads. These formats allow our clients to reach target audiences across different media platforms, maximizing audience engagement and campaign effectiveness.

In addition, we also provide offline advertisements or host offline marketing events from time to time based on our clients’ specific needs, including placements through traditional media such as television, radio, and outdoor advertising spaces. We are committed to continuously customizing and expanding our marketing format offerings to accommodate the evolving and diversified requirements of our clients.

Pricing Model

For our marketing services, we primarily charge clients based on one or a combination of the following factors: (i) total costs incurred to obtain media resources from media platforms, (ii) a service fee calculated as a percentage of either the total costs of or the gross sales value generated from marketing campaigns, and (iii) the performance of the marketing campaigns.

Fund Flow

The following primarily illustrates the fund flow of digital advertising services.



Our Revenue = A - B
Our Media Costs = C - D

OUR GLOBAL FOOTPRINT

As of the Latest Practicable Date, we had established five overseas offices across the United States, Vietnam, Thailand, Indonesia, and Singapore. Our overseas offices in overseas markets attract local talent and media resources, underpinning our strong long-term development to the overseas markets.

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During the Track Record Period, our overseas marketing services have been delivered through overseas media platforms and reached nearly 200 countries and regions. The following table sets forth the geographic distribution of our marketing campaigns by gross spending on Google, Meta and TikTok for Business in each region as a percentage of the total gross spending during the Track Record Period.

	Year ended December 31,		
	2022	2023	2024
North America	41%	41%	42%
Europe	18%	16%	15%
Southeast Asia	10%	9%	10%
Japan and Korea	6%	11%	9%
South America	7%	6%	7%
Hong Kong, Macau and Taiwan	8%	7%	6%
Others	10%	10%	11%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

SALES AND MARKETING

Our marketing initiatives focus on enhancing brand awareness and expanding our sales network. To achieve these objectives and attract potential clients, we actively participate in industry conferences, organize client events and exhibitions, engage in PR activities, and strengthen our presence across social media platforms. Additionally, we promote our brands through online marketing campaigns and encourage word-of-mouth referrals.

During the Track Record Period, our business did not have any material seasonality which may cause our business to fluctuate significantly.

OUR CUSTOMERS

Our customers primarily included direct clients from various industries with marketing demands during the Track Record Period. We typically establish direct business relationship with these clients, who are generally deeply engaged with us throughout the marketing process. In serving direct clients, we maintain close communication with them to gain a thorough understanding of their business goals and marketing demands, and we develop customized marketing campaign strategies to address their requests.

To a lesser extent, our customers also included channel clients during the Track Record Period, primarily comprising advertising agencies, which entered business relationships with us on behalf of their customers with marketing needs.

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Major Customers

Our major customers primarily consisted of direct clients of diverse industries during the Track Record Period. Revenue generated from our five largest customers in each of 2022, 2023 and 2024 accounted for 14.3%, 13.8% and 14.6% of our total revenue for the respective periods.

We have since our inception identified and established stable, trustful business relationships with customers. Among the five largest customers during the Track Record Period, most of them have collaborated with us for more than three years.

The following table sets forth certain information of our five largest customers in each relevant time period during the Track Record Period.

Rank	Customer	Services Provided	Revenue	Percentage of Total revenue	Business Relationship Since
			<i>RMB in millions</i>	<i>%</i>	
<i>For the Year Ended December 31, 2022</i>					
1	Customer A ⁽¹⁾	Marketing services	1,508.9	4.1	2013
2	Customer B ⁽²⁾	Marketing services	1,254.3	3.4	2019
3	Customer C ⁽³⁾	Marketing services	948.4	2.6	2021
4	Customer D ⁽⁴⁾	Marketing services	830.6	2.3	2014
5	Customer E ⁽⁵⁾	Marketing services	685.4	1.9	2022
<i>For the Year Ended December 31, 2023</i>					
1	Customer B ⁽²⁾	Marketing services	2,455.8	4.7	2019
2	Customer A ⁽¹⁾	Marketing services	1,563.7	3.0	2013
3	Customer D ⁽⁴⁾	Marketing services	1,197.2	2.3	2014
4	Customer F ⁽⁶⁾	Marketing services	1,023.7	1.9	2017
5	Customer C ⁽³⁾	Marketing services	1,020.6	1.9	2021

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Rank	Customer	Services Provided	Revenue	Percentage of Total revenue	Business Relationship Since
			<i>RMB in millions</i>	<i>%</i>	
<i>For the Year Ended December 31, 2024</i>					
1	Customer G ⁽⁷⁾	Marketing services	2,442.5	4.0	2023
2	Customer H ⁽⁸⁾	Marketing services	2,244.6	3.7	2019
3	Customer A ⁽¹⁾	Marketing services	1,686.8	2.8	2013
4	Customer C ⁽³⁾	Marketing services	1,269.2	2.1	2021
5	Customer I ⁽⁹⁾	Marketing services	1,256.5	2.1	2018

Notes:

- (1) Customer A is headquartered in Hangzhou, China, and primarily engages in the development and operation of online games, while also offering internet services such as music streaming, online education, and e-commerce. It has been publicly listed since June 2000 on the Nasdaq Global Select Market, and completed a secondary listing in June 2020 on the Hong Kong Stock Exchange.
- (2) Customer B is headquartered in Singapore and operates a global fast-fashion e-commerce platform.
- (3) Customer C is headquartered in Menlo Park, California, and engages in the development and publishing of mobile games.
- (4) Customer D is headquartered in Shenzhen, China, and engages in the development and operation of internet-based products and services, including online games and social platforms, as well as media platforms. It is a wholly owned subsidiary of a company listed on the Hong Kong Stock Exchange since June 2004.
- (5) Customer E is headquartered in Shenzhen, China, and engages in international trade operations, importing and exporting a variety of goods.
- (6) Customer F is headquartered in Beijing, China, and engages in the development and operation of content-driven media platforms and provides digital advertising services through its content-driven media platforms.
- (7) Customer G is headquartered in Hangzhou, China, and specializes in network technology and related digital services.
- (8) Customer H is headquartered in Hangzhou, China, and primarily engages in the development and operation of e-commerce platforms, while also offering services in cloud computing, logistics, and media platforms. It has been publicly listed since September 2014 on the New York Stock Exchange and completed a secondary listing on the Hong Kong Stock Exchange in November 2019.
- (9) Customer I is headquartered in Hangzhou, China, and primarily engages in the development and operation of online games and digital entertainment services. It has been publicly listed since July 28, 2011 on the Shenzhen Stock Exchange.

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As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers. All of our five largest customers during each year of the Track Record Period were Independent Third Parties.

Key Terms and Arrangements with Customers

We typically enter into annual framework agreements with customers. Salient terms of the agreement primarily include:

Duration	We typically enter into either (i) annual framework agreements, which may be renewed upon mutual consent of both parties, or (ii) a specified term for marketing campaigns.
Our services	We shall provide to the client the services as specified in the agreement.
Pricing method	See “— Our Operating Model — Pricing Model” for details.
Settlement method	Customers make prepayments for orders or settle the payment after the completion of campaign.
Liability for marketing content	For regulatory compliance purposes, we reserve the right to review and assist in modifying distributed content, and our client shall cooperate in making corresponding modifications to such content. Our client shall be liable for any penalties imposed by government authorities or relevant media platforms, as well as any third-party claims related to illegal or inappropriate marketing content, and shall indemnify us against any claims and losses that may arise from such illegal or inappropriate marketing content.
Termination	We may agree to terminate the contract in advance upon prior written notice, subject to the specific terms of the contract.

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We conduct basic background checks of our clients prior to engagement with them and examine the marketing content produced in-house or by our clients. For example, we monitor the marketing creative provided by the clients for clickbait marketing which contains misleading or deceptive information to entice users to click on. For the clickbait marketing, we are generally able to detect before placement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative fines or penalties, nor were we involved in any dispute or proceedings arising from or in connection with any inappropriate, illegal or offensive marketing content placed by us, that, individually or in the aggregate, had or might reasonably be expected to have a material adverse effect on our business, financial condition or results of operations. See “Risk Factors — Risks Relating to our Business and Industry — We may not be able to perform sufficient quality control and safeguard advertisement compliance with policies and regulations, or to detect and filter all inappropriate advertisement creatives and advertisements produced or placed by us.”

We may grant rebates to clients to incentivize and encourage them to use our services, which is a common industry practice, according to Frost & Sullivan. We determine the rebate rate given to each client based on a variety of factors, such as their estimated gross billing, business prospects, brand equity, and the total rebates we expect to receive from the media platforms in a given year. In addition, we take into consideration the costs in respect of the planning and marketing creative generation.

OUR SUPPLIERS

Our suppliers primarily include media platforms in China and overseas. We acquire media resources from media platforms to place advertisements for our clients. We have forged a stable relationship with various media platforms in China and overseas. Among the five largest suppliers during the Track Record Period, all of them have collaborated with us for more than five years.

Overseas Media Platforms. We collaborated with over 50 overseas media platforms during the Track Record Period.

During the Track Record Period, we collaborated with leading overseas media platforms, enabling clients to launch advertising campaigns with broad reach and strong visibility. We were among the first marketing service providers in China to execute campaigns on leading overseas media platforms, thereby gaining early access to a wide array of premium media resources, according to Frost & Sullivan. We were one of the largest marketing agents of Meta and Google in China in terms of gross spending during the Track Record Period, according to Frost & Sullivan.

Meanwhile, we work with a wide range of emerging media platforms to integrate mid- to long-tail media resources and help clients engage with targeted audience in niche markets.

Domestic Media Platforms. We collaborated with over 30 China-based media platforms during the Track Record Period.

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Major Suppliers

Our suppliers primarily consist of media platforms during the Track Record Period. Cost of sales attributable to our five largest suppliers in each of 2022, 2023 and 2024 accounted for 83.6%, 88.7% and 89.9% of our total cost of sales for the respective periods. According to Frost & Sullivan, our procurement amount from the five largest suppliers was in line with the industry average during the Track Record Period.

The following table sets forth certain information of our five largest suppliers in each relevant time period during the Track Record Period.

Rank	Supplier	Services Provided	Cost of sales	Percentage of Total Cost of Sales	Business Relationship Since
			<i>RMB in millions</i>	<i>%</i>	
<i>For the Year Ended December 31, 2022</i>					
1 . . .	Supplier A ⁽¹⁾	Media resources, including traffic acquisition	12,594.3	36.0	2015
2 . . .	Supplier B ⁽²⁾	Media resources, including traffic acquisition	8,302.9	23.7	2015
3 . . .	Supplier C ⁽³⁾	Media resources, including traffic acquisition	5,739.7	16.4	2017
4 . . .	Supplier D ⁽⁴⁾	Media resources, including traffic acquisition	1,547.1	4.4	2019
5 . . .	Supplier E ⁽⁵⁾	Media resources, including traffic acquisition	1,046.6	3.0	2014

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Rank	Supplier	Services Provided	Cost of sales <i>RMB in millions</i>	Percentage of Total Cost of Sales %	Business Relationship Since
<i>For the Year Ended December 31, 2023</i>					
1 . . .	Supplier A ⁽¹⁾	Media resources, including traffic acquisition	20,647.6	40.6	2015
2 . . .	Supplier B ⁽²⁾	Media resources, including traffic acquisition	11,306.8	22.2	2015
3 . . .	Supplier C ⁽³⁾	Media resources, including traffic acquisition	8,285.2	16.3	2017
4 . . .	Supplier E ⁽⁵⁾	Media resources, including traffic acquisition	4,256.0	8.4	2014
5 . . .	Supplier F ⁽⁶⁾	Media resources, including traffic acquisition	581.3	1.1	2009
<i>For the Year Ended December 31, 2024</i>					
1 . . .	Supplier A ⁽¹⁾	Media resources, including traffic acquisition	24,240.4	40.9	2015
2 . . .	Supplier B ⁽²⁾	Media resources, including traffic acquisition	15,393.9	26.0	2015
3 . . .	Supplier C ⁽³⁾	Media resources, including traffic acquisition	8,607.0	14.5	2017
4 . . .	Supplier E ⁽⁵⁾	Media resources, including traffic acquisition	3,151.1	5.3	2014
5 . . .	Supplier G ⁽⁷⁾	Media resources, including traffic acquisition	1,882.6	3.2	2020

Notes:

- (1) Supplier A is headquartered in California, and provides digital advertising services through its global media platforms, including social networking and messaging applications. It has been publicly listed on the Nasdaq Stock Market since May 2012.

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- (2) Supplier B is headquartered in Singapore and primarily provides digital advertising services through its media platforms, including search and video channels. It is a wholly owned subsidiary of a company listed on the Nasdaq Stock Market.
- (3) Supplier C is headquartered in Beijing, China, and primarily engages in the development and operation of content-driven media platforms and provides digital advertising services through its content-driven media platforms.
- (4) Supplier D is headquartered in Beijing, China, and primarily provides digital advertising and marketing services, including media placement and campaign management, through online and mobile platforms.
- (5) Supplier E is headquartered in Shenzhen, China, and engages in the development and operation of internet-based products and services, including online games and social platforms, as well as media platforms. It is a wholly owned subsidiary of a company listed on the Hong Kong Stock Exchange since June 2004.
- (6) Supplier F is headquartered in Beijing, China, and provides digital advertising services through its media platforms, including search engines, news feeds, and video content platforms. It is a wholly owned subsidiary of a company listed on the Nasdaq Stock Market since August 2005 and dual-primary listed on the Hong Kong Stock Exchange since March 2021.
- (7) Supplier G is headquartered in Shanghai, China, and provides integrated influencer marketing and advertising services through media platforms.

During the Track Record Period, none of our Directors, their respective associates, or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of the Company’s issued share capital) had any interest in any of our five largest suppliers. All of our five largest suppliers during each year of the Track Record Period were Independent Third Parties.

Key Terms and Arrangements with Suppliers

We typically enter into annual framework agreements with media platforms. The salient terms of such agreements generally include:

Duration	An initial term of one year, subject to renewal upon consent of both parties.
Pricing, payment method and settlement period	Media platforms may charge us based on one or a combination of the following pricing models, primarily including (i) CPC, or cost per click, under which we are charged when audiences click on the advertisements we place; (ii) CPT, or cost per time, under which we are charged based on the duration of the advertisement’s placement; and (iii) CPM, or cost per mille, under which we are charged based on one thousand impressions of the advertisement.

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The actual media resources, including traffic data, provided by media platforms are normally used as the basis for settlement. We are generally entitled to engage an independent third-party marketing verification service provider to monitor and verify the traffic.

We generally arrange settlement on a monthly basis upon confirmation with the media platforms of the actual gross spend for the relevant month.

Confidentiality Except as otherwise provided by laws and regulations or with the prior written consent of the other party, each party shall maintain the confidentiality of information obtained in the performance of the relevant agreement and its contractual terms.

Marketing contents We owe the obligation to conduct background reviews to ensure that our clients are qualified entities. We are responsible for ensuring the content to be placed on media platforms is not false, fraudulent or misleading, does not violate any applicable laws, regulations or the internal policies of media platforms, and does not infringe any third party’s rights. The media platforms are entitled to terminate the non-compliant marketing placement and suspend our service account if we fail to remedy such marketing content upon notice.

Termination Either party may terminate the agreement with prior written notice to the other party.

We receive rebates from our media platforms in line with industry practice. The rebates we receive from media platforms are determined based on various factors, including our gross spending on the relevant platforms, the quality of our advertisements and client base, and the respective KPI policies of the media platforms. Frost & Sullivan confirmed that the rates of partner rebates received by us from media platforms during the Track Record Period are in line with the market range in the industry.

We receive rebates from media platforms. These rebates are typically offset against our trade payables as a reduction of our cost of sales. See “Financial Information — Significant Factors Affecting Our Results of Operation — Our Relationship with Media Platforms and Rebate Arrangements.”

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Overlapping Customers and Suppliers

During the Track Record Period, certain of our top five customers were also among our suppliers, while certain of our top five suppliers were also among our customers. This overlap occurred primarily because these customers/suppliers are technology companies or marketing service providers. According to Frost & Sullivan, it is common that technology companies which operate media platforms may become customers of marketing service providers when they have marketing needs to promote their products or services. During the Track Record Period, we provided marketing services to these customers while procuring media resources, including traffic acquisition from them. All sales to and purchases from these customers and suppliers were negotiated through separate processes, conducted in the ordinary course of business, and carried out on commercial terms that were negotiated at arm’s length.

During the Track Record Period, Customer D/Supplier E and Customer F/Supplier C were among our five largest customers and five largest suppliers. We primarily provided marketing services to, and procured media resource from Customer D/Supplier E and Customer F/Supplier C. In 2022, 2023 and 2024, Customer D/Supplier E and Customer F/Supplier C contributed 3.0%, 4.2% and 2.7% of our total revenue, respectively, and 19.4%, 24.7% and 19.8% of our total cost of sales, respectively.

During the Track Record Period, Customer A and Customer H were also our suppliers. In 2022, 2023 and 2024, Customer A and Customer H contributed 4.6%, 3.9% and 6.5% of our total revenue, respectively, and 0.3%, 0.2% and 0.1% of our total cost of sales, respectively.

During the Track Record Period, Supplier D, Supplier F and Supplier G were also our customers. In 2022, 2023 and 2024, Supplier D, Supplier F and Supplier G contributed 6.6%, 2.7% and 4.1% of our total cost of sales, respectively, and 1.0%, 0.7% and 0.9% of our total revenue, respectively.

INFORMATION TECHNOLOGY

AI-Powered Applications

We have developed an AI application middleware platform that enables the flexible development and deployment of AI-driven tools and agents tailored to diverse marketing scenarios. Our AI application capabilities primarily include:

- **Model access:** we integrate third-party multi-modal large models and content generation models into our system, allowing us to apply model capabilities directly.
- **Fundamental capabilities:** we abstract and modularize fundamental operations, such as data retrieval, content analysis, semantic understanding, snippet generation, asset management, and system interactions, into discrete, reusable fundamental capabilities. These functions form the foundation for Blue AI Agents or workflows to perform various marketing tasks.

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- Workflow engine: we provide a unified framework for defining and executing AI-powered workflows. This engine supports both automated and human-in-the-loop processes, enabling dynamic adaptation to complex marketing tasks, such as campaign generation, multi-platform publishing, and audience interaction.
- Agent development: we provide development tools and runtime environments that support the creation of Blue AI Agents capable of fundamental capabilities and external model functions.

Big Data Capabilities

Our big data capabilities primarily include:

- Data scale and quality management: we have built a robust marketing database during the Track Record Period. It provides high-quality data support. We have achieved sub-second query performance, significantly enhancing data utilization efficiency.
- Data processing: our large-scale dataset construction module is responsible for storing, cleansing and processing data to ensure data quality and improve data availability and accuracy. Data can be annotated through manual, automatic, or human-machine collaboration methods to generate formal datasets.
- Data storage and computing architecture: our technical infrastructure features an integrated data lakehouse architecture that combines the flexibility of data lakes with the high performance of data warehouses, enabling real-time query analysis across diverse data types. We have implemented a unified batch and streaming process framework, utilizing standardized APIs and development paradigms to efficiently combine stream computing and batch computing, meeting the high-timeliness requirements and real-time effect monitoring demands in the marketing domain. Furthermore, we have pioneered the adoption of high-performance distributed parallel processing databases based on massively parallel processing technology, significantly enhancing our capability to query and analyze datasets.

IT Infrastructure Platforms

Our middle platforms comprise:

- Model service platform: the model service platform functions as an efficient model and algorithm-factory, integrating multi-dimensional computing resources for model production and dataset management. It enhances algorithm generation efficiency and AI model performance, providing AI services for marketing scenarios and supporting agile product iteration and rapid business expansion.

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- **Content platform:** the content middle platform delivers competitive data collection and integration services. It covers major media platforms and content, supporting large-scale, stable, and cost-effective data collection and monitoring. It enables scale growth for our AI technologies.
- **Development services platform:** the development services platform provides reliable, accessible, and high-performance cloud services and functionalities. It features robust capability expansion, enabling rapid, high-quality, and cost-effective delivery. We continuously improve system stability and interface compliance rates through unified service architecture integration, while packaging basic components to enhance reusability.
- **Testing platform:** the testing platform centers on building a large model evaluation system, abstracting business and data quality inspection capabilities to support efficient model quality assurance. It covers quality control across all product lines, defining quality management processes and metrics, providing comprehensive quality assurance, and ensuring the stable and reliable operation of products and services.

Management Technologies

Our management-end platforms and systems form the digital backbone of our operations. We have adopted the following core systems and platforms to support business standardization, scalability, and data-driven decision-making:

- **Data middle platform:** we have established a centralized data middle platform to consolidate and manage our data assets. This platform enables data cleansing, transformation, and standardization, effectively eliminating data silos. It provides user-friendly and efficient data applications, including business intelligence tools, to support business development, sales, marketing, and consumer operations. By leveraging real-time and historical data insights, we enhance the operational capabilities of all business functions.
- **Business middle platform:** our business middle platform integrates a modular suite of applications that standardize and streamline key business processes. It offers reusable business components and workflows that allow for rapid adaptation to evolving business needs. This reduces redundant system development, lowers technical and time costs, minimizes cross-functional complexity, and improves overall operational efficiency.

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- Financial system: we use an enterprise business suite system primarily for financial consolidation and reporting. Strategically, the system enhances audit traceability and ensures compliance with audit and regulatory requirements across multiple jurisdictions.
- Management information system: we adopt a human resource management system to support global organizational operations. The system enables compliant and efficient workforce management across regions and contributes to improved management efficiency, innovation, and governance over talent resources.

RESEARCH AND DEVELOPMENT

R&D Team

We have a team of experienced talents dedicated to research and development. As of December 31, 2024, we had 167 R&D staff, with 89.82% holding a bachelor’s degree or above. Our R&D personnel possess expertise across key technology areas, including artificial intelligence, big data and metaverse-related technologies. In particular, we have established a talent pool with capabilities in AI, referring to staff who are proficient in applying LLMs and building integrated AI tools for marketing use cases.

R&D Process

Our R&D process is driven by internal innovation and client demand, and involves close collaboration across various internal departments, including sales and marketing, product, and operations. We encourage our employees to maintain active communication with clients to understand their evolving needs, while providing our R&D teams with the autonomy to explore new ideas and technologies. Our R&D initiatives are typically organized on a project basis. Our development process for a specific R&D project generally comprises six phases: (i) project initiation; (ii) research and planning; (iii) design and testing; (iv) implementation; (v) operation and monitoring; and (vi) iterative refinement based on feedback.

R&D Initiatives

Our R&D initiatives primarily include enhancing our existing AI-related marketing capabilities, developing various AI-based marketing platforms, tools and products, as well as exploring metaverse-related technologies.

See “Future Plans and Use of [REDACTED]” for more details.

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INTELLECTUAL PROPERTY

We regard our intellectual property rights as critical to our business operations. As of December 31, 2024, we had seven registered trademarks and five domain names that are material to our business operations. See “Appendix IV — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights.” for more details of the material intellectual property rights.

In addition to relying on intellectual property laws and regulations, we also protect our intellectual property through a series of measures, including signing confidentiality agreements and contractual arrangements with employees, suppliers, customers, and other parties. When encountering infringement, we conduct relevant investigations, obtain proper evidence, take appropriate action such as warnings and legal proceedings, to safeguard our legal rights and interests.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial condition, and results of operations. See also “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent others from making unauthorized use of our intellectual property,” and “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to claims by third parties for intellectual property infringement.”

COMPETITION

We compete in a large and highly competitive market. Driven by rapid technological advancements and diverse marketing demands, China’s marketing industry has continued to develop in recent years and is expected to grow rapidly in the future.

The competitive landscape of the China’s marketing industry is relatively dispersed. We believe that our ability to be differentiated from our competitors depends upon many factors, including, but not limited to, our ability to deeply understand and quickly respond to clients’ needs, our robust technology capabilities, our broad and stable industry and client coverage, and our long-term and stable cooperative relationships with leading media platforms in China and overseas.

See “Industry Overview.”

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EMPLOYEES

The majority of our employees were based in China during the Track Record Period. The following table sets forth a breakdown of our employees by function in China as of December 31, 2024.

Function	Number	Percentage
Management	55	2.4%
General and administration	310	13.6%
Client relationship	1,272	55.6%
Market content designers and optimizers	308	13.5%
Technology and R&D	342	15.0%
Total	<u>2,287</u>	<u>100.0%</u>

We recruit employees primarily through referrals, online job portals and campus job fairs. We offer new employee orientation training and regular on-the-job training to our employees. We and employees enter into individual employment contracts covering matters including salary, bonuses, employee benefits, confidentiality obligations, non-compete clauses, work product and intellectual property transfer clauses and reasons for contract termination. The remuneration packages of our employees include salary and bonuses, which are usually determined based on their seniority, and performance appraisal. We also provide share incentives and promotion opportunities to motivate our employees.

Sharing success with employees and empowering them to grow is one of the core elements of our corporate culture. We always strive to provide employees with comprehensive social benefits, a safe working environment and diverse career development opportunities. Meanwhile, we strictly abide by the laws, regulations and standards on workplace safety in relevant countries and regions, and are committed to creating a safe and healthy working environment for employees, and ensuring the safety and physical and mental health of employees by implementing a highly efficient management system.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor disputes or strikes that could have a material and adverse effect on our business, financial condition or results of operations.

PROPERTIES

Headquartered in Beijing, we lease properties across China without owning any property but with a view to reducing our capital investment requirements.

As of December 31, 2024, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the

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Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased Properties

As of Latest Practicable Date, we leased 18 properties with an aggregate gross floor area of approximately 39,512 square meters, which are primarily used as our office space.

Absence of Valid Title Certificates

As of the Latest Practicable Date, we leased two properties primarily used for office space, with an aggregate gross floor area of approximately 552 square meters. For these properties, the lessors have not provided the valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us, hence we cannot ensure that they have the rights or authorizations to lease or sublease such properties to us.

Our PRC Legal Advisor is of the view that we would not be subject to any administrative penalties with respect to these properties, but our leases may be affected if the lessors of the leased properties do not have the requisite rights to lease the relevant properties. However, where a dispute arises on the said leases, or we suffer a loss as a result of the said leases, we have a right to request a reduction in rent or refuse to pay rent or require the lessor to indemnify such losses under the lease agreements.

During the Track Record Period and up to the Latest Practicable Date, our leases for the leased properties with title defects were not challenged by third parties or relevant authorities that had resulted or involved us as the defendant in disputes, lawsuits or claims in connection with the rights to lease and use such properties occupied by us.

After the expiration of these lease agreements, we will evaluate the legal risks associated with their renewal. In light of the nature of the title defects mentioned above, should these issues prevent the continued use of the leased properties, we anticipate being able to promptly locate suitable alternative premises without incurring significant losses. This is made feasible by the limited number of properties affected by title defects, and it is not expected to substantially disrupt our operations. Our Directors are of the opinion that these title defects will not have a materially adverse impact on our business, operations, or financial results.

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Non-registration of Lease Agreements

As of the Latest Practicable Date, 16 lease agreements had not been registered and filed with the relevant land and real estate administration bureaus in the PRC because the relevant lessors failed to provide necessary documents for us to register and file the leases with the local government authorities.

As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in us being required to vacate the leased properties. However, the relevant government authorities may order us to complete registration or filing formalities and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered agreement due to our failure to complete such registration or filing in prescribed period. Based on the number of these properties and the cities where they are located, we believe the likelihood that we will be punished due to failure to register and file all the relevant lease agreements at the same time is very remote.

For risks regarding our leased properties, see “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with PRC property-related laws and regulations regarding certain owned and leased properties may adversely affect our business.”

DATA PRIVACY AND DATA SECURITY

In providing marketing services, we do not directly collect end-user data. Instead, media platforms may provide us with the necessary data required for advertising campaign execution, such as encrypted advertising identifiers, user IP addresses, and advertising placement data. Prior to transmitting such data to our systems, the relevant media platforms are responsible for obtaining end-user consent for data collection and third-party sharing through their respective privacy policies or user authorization mechanisms.

The data we receive from media platforms does not contain any personally identifiable information, and we do not possess other information to identify any specific natural person by combining the data from media platforms. Throughout our operations, we only process de-identified advertising identifier information for the purposes of ad delivery and campaign optimization. We do not use such data for any unrelated or unauthorized purpose during the Track Record Period.

In the ordinary course of our business, we collect client-related data, such as contracts and personal contact information to facilitate cooperation. Where such information relates to client’s contact persons, for example, client’s employees, we collect such information indirectly based on the client’s confirmation that it has obtained the relevant individual’s consent.

Our internal data security framework includes: (i) access control policies ensuring that only authorized personnel can access sensitive data; (ii) regular audits and evaluation of the information system to detect and prevent unauthorized system visits; (iii) encryption protocols for both data storage and transmission; (iv) employee training programs focused on data

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security awareness and operational best practices; and (v) network and information incident response mechanisms to promptly address potential data-related risks. These measures collectively promote the secure, compliant, and controlled processing of data, in alignment with prevailing regulatory standards.

During the Track Record Period and as of the Latest Practicable Date, we had complied with applicable laws and regulations relating to end-user user privacy and data security in material aspects. Given that legislation and law enforcement in the PRC on user privacy and data security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received.

Award/Recognition	Award Year	Awarding Institution/Authority
Global Top 10 Holding Companies in Advertising & Marketing	2025	World Advertising Research Center Effective 100
National Cultural Industry Demonstration Base	2024	Ministry of Culture and Tourism of the PRC
Social Media — Single Platform Bronze (the only winning case in Greater China)	2024	Clio Awards
Top Innovative Agency — AI Marketing	2024	Busan International Advertising Festival
AME Greater China Awards	2024	New York Festivals
Top 3 Global Marketing Effective Agent in Greater China	2024	Greater China Effie Awards
Global AI Film Marathon Award	2024	Shanghai International Film Festival
Integrated Marketing — Gold Award	2024	China Great Wall Advertising Awards
AI Marketing Company of the Year	2024	ROI Festival
Social Media — Evolution Bronze Award	2023	London International Awards
Integrated Campaign — Merit Award	2023	ONE Asia Creative Awards
Top 10 Holding Group	2023	PRovoke (formerly Holmes Report)

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We consider environmental, social and governance (“ESG”) matters essential to our long-term and sustainable development. We strive to steadily enhancing our ESG governance system, improving our ESG practices and performance, and contributing to the well-being of communities and society through various ESG measures.

In the future, we will continue to share our sustainability achievement with the society through transparent disclosure. We will comply with the Environmental, Social and Governance Reporting Code (the “ESG Code”) under Appendix C2 to the Listing Rules and release annual sustainability and/or ESG report.

ESG Governance

To continuously enhance our ESG management level and ensure the top-down implementation of the ESG strategies and management, we have formulated various internal policies to standardize our Company’s ESG governance structure and responsibilities, ESG risk management, and the management principles and work contents of key ESG issues.

We have established a three-tier ESG governance framework, comprising the Board Strategy Committee, ESG supervisory groups and the ESG working groups. The Board Strategy Committee serves as the decision-making and leadership body for ESG, responsible for overseeing company-wide ESG efforts, including reviewing and approving ESG strategies, plans, key policies, disclosures, and related risks. The ESG supervisory groups function as the supervisory body for ESG, monitors ESG trends and policy developments, reviews the company’s ESG strategy, policies, metrics, and disclosures, oversees and evaluates the implementation of ESG initiatives, and makes relevant recommendations to the Board. To support the execution of ESG initiatives, we have established an ESG working groups responsible for formulating ESG strategies, setting ESG goals and plans, implementing related policies, identifying and assessing ESG risks and opportunities, and preparing the company’s annual ESG report. In addition, we require each functional department and subsidiary to designate an ESG liaison responsible for executing ESG-related tasks.

Through this structured governance framework, we are committed to embedding sustainability into our business operations, fostering long-term value creation, and ensuring the company’s stable and responsible growth.

Environment

As part of our commitment to sustainable development, we are dedicated to addressing environmental challenges and minimizing our ecological footprint. We strictly comply with applicable laws and regulations.

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Metrics and Targets

Electricity, Water and Paper Consumption

The following table sets forth the metrics of the resource’s consumption of us for the periods indicated.

	Unit	Year ended December 31,		
		2022	2023	2024
Electricity consumption	<i>KWh</i>	1,891,310.85	2,084,407.99	2,257,980.00
Density of electricity consumption	<i>KWh per million RMB revenue</i>	51.6	39.6	37.1
Water consumption	<i>Ton</i>	24,670.00	29,645.00	30,435.00
Density of water consumption	<i>Ton per million RMB revenue</i>	0.7	0.6	0.5
Paper consumption	<i>Ton</i>	13.65	12.44	22.63

Based on the electricity and water consumption data in 2024, we plan to reduce the cost of electricity and water by approximately 2% by 2028, as measured by the ton of water and KWh of electricity. Based on the paper consumption data in 2024, we plan to reduce the cost of paper by approximately 2% by 2028, as measured by the ton of paper.

Greenhouse Gas Emission

Our Scope 1 and Scope 2 greenhouse gas emissions mainly come from the use of direct and indirect energy sources such as natural gas and purchased electricity.

The following table sets forth the greenhouse gas emission for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
Total Greenhouse Gas Emission (tCO2e)	2,180.3	2,245.4	2,311.5
Scope 1 (tCO2e)	694.5	675.9	655.0
Scope 2 (tCO2e)	1,485.8	1,569.5	1,656.5
Intensity (tCO2e/million RMB revenue)	0.06	0.04	0.04

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Based on the greenhouse gas emission data in 2024, we plan to reduce the per revenue greenhouse gas emission by approximately 3% by 2028, as measured by the CO₂e of greenhouse gas emission per revenue.

Environment Protection Initiatives

To meet our targets, we implement various measures to reduce the resource consumption and stay compliant with respect to ESG matters.

Energy Efficiency and Emissions Reduction

We are committed to enhancing energy efficiency and reducing emissions all our offices through the implementation of targeted measures. These include:

- Optimizing heating, ventilation, and air conditioning. Heating and air conditioning systems in common areas and offices are set to appropriate temperatures based on seasonal and weather conditions, ensuring comfort while minimizing energy waste.
- Improving lighting efficiency. Energy efficient LED lights are installed in public areas and offices to allow for better energy management. LED lights do not produce heat in the working process, instead, they convert the energy directly into lighting, which not only saves more electricity, but also provides a more comfortable work environment compared with the traditional lighting system.
- Reducing standby energy consumption. Employees are encouraged to turn off lights and computer monitors if they will be away from the offices or meeting rooms. Standby time for office equipment, including computers, printers, and copiers, is minimized to lower unnecessary energy usage.

Waste Management and Recycling

We are committed to minimizing waste generation and promoting resource recycling to enhance overall resource utilization efficiency. By adhering to the low-carbon philosophy, we have implemented the following initiatives:

- Waste classification and recycling. Through multi-channel publicity and guidance, we efficiently implement a waste classification and recycling policy, encouraging our employees to integrate the philosophy of environmental protection into their daily work, and practice a green and low-carbon lifestyle in every tiny action.
- Promoting biodegradable paper. We promote qualified and biodegradable toilet paper in our office building to substantially reduce secondary pollution at source and effectively lower the burden on the environment.

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Paper Consumption

We constantly uphold the principle of improving our working efficiency and minimizing the paper waste. To this end, we actively reduce our paper consumption by the following initiatives:

- Creating paperless offices. We have established and implemented an electronic achieving system to store and manage bills, documents and all kinds of information. Employees are encouraged to communicate, transfer files and obtain approval through the electronic achieving system to reduce waste of paper and improve the working efficiency.
- Replacing printed matters. Instead of using traditional printed banners and posters, we have installed electronic displays in corners of the office building to post our internal notice, visitors’ welcome messages, guidance on waste classification, and all kinds of business information. This approach helps reduce the consumption of paper materials.

Social Responsibility

Employee Well-being

We always position the well-being of our employees as core priorities in our corporate social responsibility. Our people are at the heart of our success, and we are dedicated to respecting their dignity, individuality, privacy, and personal interests. We strive to create a positive, diverse, inclusive, and supportive work environment that fosters happiness, a sense of belonging, and overall well-being.

We prioritize employee welfare, health, and work-life balance, building relationships with our employees that reflect trust, care, and family-like support through the following measures:

- Inclusive and supportive work environment. We actively protect the legitimate rights and interests of our female employees and provide supportive working conditions for qualified disabled people in compliance with labor laws and regulations.
- Health and fitness programs. We care for our employees’ physical and mental health, and provide annual physical examination, mental counseling, health knowledge education to safeguard the health of our employees. We have developed on-site fitness zones and shower rooms to encourage employees to maintain active and healthy lifestyles.
- Work-life balance initiatives. We promote work-life balance lifestyles and provide our employees with flexible and diverse vacation options. We offer additional four to five days of paid vacation to the national arrangements for the Spring Festival to help our people avoid the transportation peak of the vacation.

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We embrace the philosophy of “Openness, Communication, Cooperation and Inclusiveness.” A culture of care that flows from the company to managers, from managers to employees, and from groups to individuals. This ensures the mutual understanding and efficient communication among our managers and employees.

We also champion inclusion, equality, and diversity, welcoming employees of all ages, genders, abilities, and citizenship statuses. As of December 31, 2024, over 67% of our employees were female. We recognize that diversity, including gender diversity, is essential for fostering innovation, resilience, and success in today’s dynamic business environment.

Professional Development

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering high-quality training and career development programs to our managers and employees to support their growth and upward mobility. We encourage our young employees to take on leadership roles. We provide a large variety of professional development trainings. We conduct regular employee assessments twice a year to provide feedback and guidance, and, depending on their performance and responsibilities, provide redeployment, promotion and other development opportunities.

Social Welfare Contribution

We are committed to philanthropy and have actively supported charitable causes since our inception, reflecting our corporate social responsibility and dedication to environmental protection, education and NGO support. Over the years, we have launched numerous impactful initiatives and programs to give back to society.

We have constantly contributed to environmental protection in devoting to eco-protection foundation and organizing tree planting activities. In March 2024, we organized a tree planting activity in Beijing, attracting nearly 100 employees, together with their relatives and friends, to actively participate in. We also dedicate to the education for children in rural and remote areas. In 2024, we engaged with a well-known third-party charity organization and donated 500 children’s books to a primary school in Inner Mongolia. We provide free water, first aid kits and resting areas in our office building for outdoor frontline workers such as sanitation workers, cab drivers, couriers and takeaway deliveryman.

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Corporate Governance

Anti-corruption and Anti-bribery

We maintain firm adherence to regulatory compliance, and aim to create an internal control system characterized by “comprehensiveness, integrity, and cooperation.” We have established a well-functioning structure to manage and supervise our internal compliance and integrity. We made varied and specific codes of conduct and internal control provisions to provide insurance for risks controlling and business compliance. The management systems, policies, operational process and procedures of all business units and subsidiaries were compiled into the white paper on internal control management system, which covers widely from corporate governance, financial management, procurement, data security, corporate brand, human resource, to administrative management. We comprehensively enhance our anti-bribery management capabilities through integrity system building, integrity risk assessment, integrity culture education, and integrity supervision mechanisms.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from the competent government departments and regulatory authorities that are material for our business operations in the jurisdictions where we operate. We are required to renew such certificates, permits and licenses from time-to-time. We do not expect any material difficulties in such renewals.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. In accordance with the requirements of relevant laws and regulations, we take out social insurances for our employees working in China, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance, as well as trade receivables 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 key man insurance, insurance policies covering damages to our network infrastructures or information technology systems, or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business.

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RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting, and general compliance. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted and will adopt, among other things, the following risk management measures:

- We design a comprehensive set of policies to identify, analyze, manage and monitor various risks, and periodically assess and update our risk management policies;
- Our Board is responsible for overseeing the overall risk management and internal control;
- Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See “Directors and Senior Management — Management and Corporate Governance — Board Committees — Audit Committee” for the composition of the Audit Committee and the qualifications and experience of them;
- We will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; and
- We will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Third-Party Payment Arrangements

Background

During the Track Record Period, we accepted payments made on behalf of certain customers (the “**Relevant Customer(s)**”) through the accounts of third-party payors designated by the Relevant Customers (the “**Third-Party Payment Arrangement(s)**”).

Third-Party Payment Arrangements — Scenario I

In 2022, 2023 and 2024, 30, 37 and 28 Relevant Customers settled transactions with us under this scenario. The aggregate amount of revenue generated under this scenario was RMB39.9 million, RMB21.1 million and RMB16.6 million in 2022, 2023 and 2024, respectively, representing approximately 0.11%, 0.04% and 0.03% of our revenue for the respective periods.

BUSINESS

To the best of our knowledge, (i) the third-party payors designated by the Relevant Customers primarily include the Relevant Customers’ legal representatives, debtors, actual controllers, their employees, and independent third-parties; and (ii) none of the third-party payors designated by the Relevant Customers is our connected person, and all designated third-party payors are independent from each of our Directors, senior management, and Controlling Shareholders.

Third-Party Payment Arrangements — Scenario II

During the Track Record Period, in rare cases, our employees settled payments via their personal accounts, primarily to cover small outstanding payment gaps, and such employees also constitute the third-party payors of the Relevant Customers. The aggregate amount paid by such employees under this scenario was *de minimis* and immaterial during the Track Record Period.

Reasons

To the best of our knowledge, the use of the Third-Party Payment Arrangements primarily stems from the following reasons:

- Industry norm. According to Frost & Sullivan, it is a common commercial practice in China for customers to settle payments through third-party payors for various personal reasons.
- Payment convenience. Certain Relevant Customers are small- and medium-sized enterprises, and, as confirmed by Frost & Sullivan, it is common for them to settle payments through personal bank accounts of their respective legal representatives, actual controllers, and/or their employees for convenience.
- Requests during ordinary course of business. Some Relevant Customers paid through third-party payors because they may experience limited cash flow, stringent liquidity management or other financial difficulties from time to time, and the Relevant Customers chose to settle through Third Party Payment Arrangements.

BUSINESS

Implication and Termination of the Third-Party Payment Arrangements

During the Track Record Period, our Directors confirm that (i) we had not proactively initiated any Third-Party Payment Arrangements or participated in any of such arrangement in other forms, (ii) we had not provided any discount, commission, rebate, or other benefit to any of the Relevant Customers to facilitate or incentivize the Third-Party Payment Arrangements, (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with customers not involved in the Third-Party Payment Arrangements under similar scenarios, and (iv) the Third-Party Payment Arrangements have been recorded completely and accurately in our accounting books and records in all material respects.

We have undertaken the following measures to manage Third-Party Payment Arrangements:

- Prevention of fraud or money laundering. To prevent fraud or money laundering activities, we have implemented several know-your-customer procedures to have a comprehensive understanding of our customers. We also maintain active communication with our customers through both online and offline channels. Based on the above, we have no basis to believe that the Relevant Customers are involved in fraudulent or money laundering activities, nor any reason to suspect that the Third-Party Payment Arrangements involve proceeds or gains from such activities.
- Genuine underlying transactions. To ensure the Third-Party Payment Arrangements are supported by genuine transactions, Relevant Customers are required to confirm the order details and payment party information with us before making payments through designated third-party payors. We will only record the fund flow if key elements such as the payment amount and transaction time are consistent with the corresponding order. This dual-verification process helps ensure the authenticity and traceability of each third-party payment transaction

As of the Latest Practicable Date, to the best of our knowledge, (i) all settlements with us were supported by genuine transactions, and the receipt of payment was performed solely as settlement of sale of services which are genuine transactions and not related to any criminal or illegal proceeds or gains, (ii) the settlement amounts were consistent with the amounts incurred under the relevant transactions, (iii) we are not aware of any commercial bribery, money laundering, tax evasion, or existing or potential disputes existed under the Third-Party Payment Arrangements, (iv) Relevant Customers have not claimed any interests as to any transaction payment to or from us through the Third-Party Payment Arrangement, and (v) we have not been subject to any administrative notice, investigation or penalty related to the Third-Party Payment Arrangements.

BUSINESS

As advised by our PRC Legal Advisor, the applicable laws or regulations in PRC do not explicitly forbid the Third-Party Payment Arrangements, and as a result, provided that the receipt of payment was performed solely as settlement of sale of services which are genuine transactions and not related to any criminal or illegal proceeds or gains, the Third-Party Payment Arrangements are not in breach of mandatory requirements of current applicable laws and regulations in China.

We plan to terminate Third-Party Payment Arrangements prior to [REDACTED]. We believe that this termination has not had, and will not have, a material adverse effect on our business, given that revenue generated from the Third-Party Payment Arrangements represented an insignificant percentage of our total revenue during the Track Record Period. Regarding the risks relating to the Third-Party Payment Arrangement, see “Risk Factors — Risks Relating to Our Business and Industry — We face risks in connection with Third-Party Payment Arrangements.”

Enhanced Internal Control and Remedial Measures

We have adopted internal control measures to mitigate risks relating to, and prevent future occurrences of, the Third-Party Payment Arrangement, including:

- Our employees are required not to accept any Third-Party Payment Arrangements, and to understand and implement our policies and measures related to the termination of Third-Party Payment Arrangements, alongside regular training sessions on fraud prevention and anti-money laundering practices;
- When contracts are signed, our employees are required to collect the customers’ bank account information, including the account name, and ensure that all payment transactions are made using the account of the contracting party; and
- Our employees are required to verify whether the payment details match the contracting party’s information. In cases of discrepancy, customers will be notified to make the payment again using the correct account.

Based on the follow-up review on the implementation of measures, our Directors are of the view that the above measures are effective and adequate in preventing Third-Party Payment Arrangements and its associated risks, and our Directors will oversee the effectiveness of the aforementioned enhanced internal controls on the Third-Party Payment Arrangements in the future.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we have been and will be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in some cost and diversion of our resources, including our management’s time and attention. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — If we become a party or are subject to litigation, legal disputes, claims, administrative proceedings or other administrative measures, such involvement may divert our management’s attention and result in costs and liabilities.”

Compliance

During the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisor, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. For more information about the laws and regulations applicable to us, please see “Regulatory Overview.”

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board will comprise nine Directors, including four executive Directors, one non-executive Director and four independent non-executive Directors, and their details are set out below:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. Zhao . . .	54	Executive Director and chairman of the Board	July 1996	October 30, 2004	Overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Mr. Xiong Jian (熊劍). . . .	46	Executive Director, vice chairman of the Board and vice president	April 2000	May 18, 2016	Overseeing business and daily operations of our Group and leading the overall development of our Group	N/A
Mr. Pan Anmin (潘安民) . .	45	Executive Director and chief executive officer	April 2007	January 4, 2022	Overseeing business and daily operations of our Group and leading the overall development of our Group	N/A
Ms. Chen Jianhong (陳劍虹) . .	52	Executive Director, chief financial officer and vice president	December 2003	December 28, 2018	Responsible for financial operations and capital management of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Dr. Zhao Xinge (趙欣軻) . .	54	Non-executive Director	January 2009	May 18, 2020	Responsible for decision-making in respect of major matters such as overall strategies	N/A
Dr. Wu Zhipan (吳志攀) . .	68	Independent non-executive Director	May 2020	May 18, 2020	Providing independent advice on the operations and management of our Group	N/A
Ms. Yanmei (閔梅) . . .	48	Independent non-executive Director	May 2020	May 18, 2020	Providing independent advice on the operations and management of our Group	N/A
Mr. Zhao Guodong (趙國棟) . .	50	Independent non-executive Director	January 2022	January 4, 2022	Providing independent advice on the operations and management of our Group	N/A
Mr. Gang Dongjun (岡棟俊) . .	56	Independent non-executive Director	June 2025	June 23, 2025	Providing independent advice on the operations and management of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhao Wenquan (趙文權), aged 54, is our founder, executive Director and the chairman of our Board. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Zhao founded BlueFocus Marketing in July 1996 and has served as a director of Beijing BlueFocus Digital Technology Co., Ltd. (北京藍色光標數碼科技有限公司, “BlueFocus Digital”, the predecessor of our Company) since 2004, and has served as the chairman of the Board of our Group since January 2008.

Since 2015, he has served as an honorary board member of Peking University (北京大學). Mr. Zhao has held several industry leadership roles, including council member of the China International Public Relations Association (中國國際公共關係協會), and served as the chairman of its Public Relations Companies Committee in both 2007 and 2008. He also participated as a torchbearer in the Olympic Torch Relay for the Beijing 2008 Olympic Games.

Mr. Zhao obtained his bachelor’s degree major in international relationship and politics from Peking University in July 1991.

Mr. Zhao was previously a director of Beijing Tianzhi Online Internet Technology Services Co., Ltd. (北京天職在線網絡技術服務有限公司), which was incorporated in the PRC and principally engaged in development of Internet technology. The business license of Beijing Tianzhi Online Internet Technology Services Co., Ltd. was revoked on September 10, 2002. Mr. Zhao was previously a supervisor of Beijing Yabao Online Auction Co., Ltd. (北京雅寶在線拍賣有限公司), which was incorporated in the PRC and principally engaged in online auction. The business license of Beijing Yabao Online Auction Co., Ltd. was revoked on November 25, 2005. To the best knowledge, information and belief of Mr. Zhao, he confirmed that (i) the above companies were in normal operation before Mr. Zhao’s departure; (ii) there was no wrongful act on his part leading to the revocation of business licenses of the above companies; (iii) as of the Latest Practicable Date, he is not subject to any claims or liability as a result of the revocation of business licenses of the above companies.

Mr. Xiong Jian (熊劍), aged 46, is an executive Director, the vice chairman of the Board and a vice president of the Company. He is primarily responsible for overseeing business and daily operations of our Group and leading the overall development of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xiong has held a series of key leadership roles within our Group. He began his career at Beijing BlueFocus Market Consultancy Co., Ltd. (北京藍色光標市場顧問有限公司) in April 2000, serving as a client representative in the Group’s business innovation cluster. From April 2001 to April 2002, he served as a client representative at Beijing Blue Impression Technology Consulting Services Co., Ltd. (北京藍色印象科技諮詢服務有限公司), and was subsequently promoted to a client manager since April 2002. From November 2007 to April 2011, Mr. Xiong served as assistant president. He was appointed as the vice president of BlueFocus Brand in April 2011 till September 2015. He then served as the chief digital officer of our Company from October 2015 to July 2016 and was subsequently promoted to the chief operating officer of us since July 2016. Mr. Xiong served as the vice chairman of the Board since December 2018, while responsible for overseeing the Group’s overall strategy as well as key business, financial, and operational management.

Mr. Xiong obtained his bachelor’s degree in management engineering from Beihang University (北京航空航天大學) in July 2000. In December 2015, he was awarded board secretary qualification issued by the Shenzhen Stock Exchange.

Mr. Pan Anmin (潘安民, also known as “Pan Fei (潘飛)”, aged 45, is our executive Director and the chief executive officer of us. He is primarily responsible for overseeing the strategic planning, business development, and daily operations of our Group and leading its overall development.

Mr. Pan joined our company in April 2007 and has held various managerial positions within our Group. From January 2010 to February 2015, he served as the general manager of BlueFocus Digital Shanghai Company (藍標數字上海公司), where he was responsible for overall business planning and operational management. Since March 2015, he has served as the chief executive officer of BlueFocus Media Co., Ltd. (藍標傳媒有限公司), overseeing the Group’s strategic planning, business development, and operations. In December 2021, Mr. Pan was appointed as the chief executive officer, and Director of our Company, primarily responsible for our Group’s overall business direction, core operations and management.

Mr. Pan enrolled in the executive MBA program at China Europe International Business School (中歐國際工商學院) (“CEIBS”) in 2019 and obtained master’s degree major in business administration in June 2025. He has received numerous professional recognitions and has held several honorary positions in advertising and digital marketing industry associations, including serving as a specially appointed executive director of the China Business Advertising Association (中國商務廣告協會) and co-chairman of its Digital Marketing Committee of the China Advertising Association of Commerce (中國商務廣告協會數字營銷委員會) in 2023, as well as a visiting professor in advertising at the Communication University of China (中國傳媒大學).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Pan was nominated as “chief innovation officer of the year 2022—2023” by the Entrepreneurial and Creative Innovation Institute (國際數字創新研究院), awarded “contemporary outstanding advertiser” by ADMEN Grand Prize Committee ADMEN (廣告人文化集團) in 2024, recognized as a “2024 Growth Leader of the Year” by Node Finance (節點財經), and honored as a “digital marketing industry figure of the past fifteen years” by the Huxiao Awards Organizing Committee of the China Advertising Association of Commerce (中國商務廣告協會虎嘯獎組委會). In addition, he was appointed as an executive director of the 13th Young Entrepreneurs Association (青年企業家協會) in 2024.

Ms. Chen Jianhong (陳劍虹), aged 52, is our executive Director, the chief financial officer and the vice president of our Company. She is responsible for financial operations and capital management of our Group.

Ms. Chen joined our Company in December 2003 and served as the chief financial officer of our Company since then till March 2014, during which she was responsible for the financial operations of the our Group. She subsequently served as a financial consultant of us from March 2014 to February 2015, and again from January 2018 to November 2018, assisting the company with financial management and strategic planning. Ms. Chen has been appointed as a Director since November 2018, the chief financial officer of our Company since January 2018 and the vice president of us since May 2023 to the present.

Ms. Chen obtained her bachelor’s degree major in accounting from Heilongjiang Business College (黑龍江商學院) in July 1998 through correspondence course and obtained her master’s degree major in business administration from City University of Macau (澳門城市大學) in April 2012. She was accredited as the accountant in May 1997 by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部).

Non-executive Director

Dr. Zhao Xinge (趙欣舸), aged 54, is a Director since January 2009, and has been re-designated as our non-executive Director in June 2025. He joined our Company in January 2009 while serving as an independent non-executive Director until March 2014. He was subsequently appointed as a Director from May 2017 to March 2018, and re-appointed as a Director since May 2020. He is currently responsible for decision-making in respect of major matters such as overall strategies of our Group.

Dr. Zhao previously worked as an assistant professor of finance at the Raymond A. Mason School of Business, College of William & Mary. Since 2005, he has been teaching at CEIBS, while serving as a professor of finance and accounting and executive vice director of the CEIBS Lujiazui Institute of International Finance (中歐陸家嘴國際金融研究院). He has been serving as a director since July 2015 at BOC Fund Management Co., Ltd. (中銀基金管理有限公司), where he was responsible for overseeing corporate governance, protecting minority shareholders’ interests, reviewing major decisions, and ensuring compliance and risk control.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Zhao received his bachelor’s degree major in economics management from Peking University (北京大學) in July 1991, his master’s degree from Syracuse University (美國雪城大學) in May 1994, and his doctoral degree from Northwestern University (美國西北大學) in June 2000. In January 2011, he was awarded an independent director qualification certificate issued by the Shenzhen Stock Exchange.

Dr. Zhao was previously a director of Harbin Jianxing Economic Technology Co., Ltd. (哈爾濱建興經濟技術有限公司), which was incorporated in the PRC and principally engaged in providing consulting services. The business license of Harbin Jianxing Economic Technology Co., Ltd. was revoked on September 4, 2012. To the best knowledge, information and belief of Dr. Zhao, he confirmed that (i) he did not involved in the daily operation of the above company; (ii) there was no wrongful act on his part leading to the revocation of business license of the above company; (iii) as of the Latest Practicable Date, he is not subject to any claims or liability as a result of the revocation of business license of the above company.

Independent Non-Executive Directors

Dr. Wu Zhipan (吳志攀), aged 68, has been our independent non-executive Director since May 2020. He is responsible for providing independent advice on operations and management, focusing on governance, minority shareholder protection, major decision reviews, risk control, and compliance to us.

Dr. Wu previously served as a supervisor at PetroChina Company Limited (中國石油天然氣股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 601857) and the Hong Kong Stock Exchange (stock code: 0857)) from December 1999 to May 2009, and as an independent director at Air China Limited (中國國際航空股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 601111) and the Hong Kong Stock Exchange (stock code: 0753)) from September 2004 till June 2009. He also served as an independent director in China Minsheng Bank (中國民生銀行, a company listed on the Shanghai Stock Exchange (stock code: 600016)) from June 2003 till March 2009, and an independent director in Henan Zhongfu Industrial Co., Ltd. (河南中孚實業股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600595)) from March 2006 till September 2006 as well as an independent director in Hwabao WP Fund Management Co., Ltd. (華寶基金管理公司) from February 2003 until July 2009. He has served as a professor at Peking University since December 1988. He also serves as an independent director at Ping An Bank Co., Ltd. (平安銀行股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 000001)) since March 2023 and China Trustee Association Protection Fund Co., Ltd. (中國信託業保障基金有限責任公司) since March 2022.

Dr. Wu obtained his bachelor’s in law, master’s degree in law, and a doctoral degree in law from Peking University (北京大學) in July 1982, July 1985, and January 1989, respectively. He obtained lawyer’s practice certificate of the PRC issued by Beijing Municipal Bureau of Justice (北京市司法局) in December 2007.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yan Mei (閔梅), aged 48, has been appointed as our independent non-executive Director since May 2020. She is responsible for providing independent advice on operations and management, focusing on governance, minority shareholder protection, major decision reviews, risk control, and compliance to us.

From July 2001 to May 2005, she worked at Pan-China Certified Public Accountants Co., Ltd. (天健會計師事務所有限責任公司). From June 2005 to October 2008, she worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP (Beijing Branch) (德勤華永會計師事務所(特殊普通合夥)北京分所). From November 2008 to January 2010 and from April 2010 to January 2013, Ms. Yan Mei worked at United Taixin (Beijing) Communication Technology Co., Ltd. (聯合泰信(北京)通訊技術有限公司).

Since March 2010, Ms. Yan has been the executive director and the president of Beijing Tianan Meijing Financial Consulting Co., Ltd. (北京天安美景財務諮詢有限公司), where she is responsible for overseeing the company’s financial and tax consulting business. Since January 2013, she has served as an executive director and the chief accountant of Beijing Junduo Certified Public Accountants Co., Ltd. (北京君鐸會計師事務所有限公司), where she is responsible for the firm’s overall operations, including standard setting and quality control. Since April 2017, Ms. Yan Mei has been served as the supervisor of Beijing Baolaideli Asset Management Co., Ltd. (北京寶來德利資產管理有限公司). From June 2018 to March 2024, she served as an independent director of China National Gold Group Gold Jewellery Co., Ltd. (中國黃金集團黃金珠寶股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600916)).

Ms. Yan obtained her bachelor’s degree major in accounting from Beijing University of Chemical Technology (北京化工大學) in July 1999. She obtained the Certified Public Accountant (“CPA”) qualification in the PRC in June 2007, and the intermediate accountant title in May 2006, both accredited by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部). In January 2019, she became a member of CPA Australia, awarded by CPA Australia.

Mr. Zhao Guodong (趙國棟), aged 50, has been appointed as our independent non-executive Director in January 2022. He is responsible for providing independent advice on operations and management, focusing on governance, minority shareholder protection, major decision reviews, risk control, and compliance to us.

DIRECTORS AND SENIOR MANAGEMENT

Since May 2014, Mr. Zhao Guodong has been the chairman of Beijing Shuju United Technology Co., Ltd. (北京數聚聯合科技有限公司), where he is responsible for presiding over shareholders’ meetings and convening board meetings. He has also served as an executive director of Beijing Shuju Xinrong Investment Management Co., Ltd. (北京數聚鑫融投資管理有限公司) since June 2015, where he is responsible for major decision-making and daily operations in alignment with board strategies. Since January 2017, he has acted as executive partner of Horgos Shuju Tongda Equity Investment Partnership (Limited Partnership) (霍爾果斯數聚通達股權投資合夥企業(有限合夥)), managing fund operations and investment decisions. Mr. Zhao Guodong has also been a director of Beijing Duosi Science and Technology Industrial Park Co., Ltd. (北京多思科技工業園股份有限公司) since January 2018 and a director of Hejun Zhongda Data Technology Co., Ltd. (和君縱達數據科技股份有限公司) since November 2018. In May 2025, he has been appointed as the chairman of the 3rd Council of the Zhongguancun Big Data Industry Alliance (中關村大數據產業聯盟).

Since May 2020, Mr. Zhao Guodong has served as the manager of Beijing Sotu Big Data Research Institute Co., Ltd. (北京搜土大數據研究院有限公司), and since April 2020, as the manager of Beijing Digital Zheng’an Technology Co., Ltd. (北京數字正安科技有限公司), where he is in charge of day-to-day operations. Since December 2020, Mr. Zhao Guodong has been a director of Hubei Prolog Technology Group Co., Ltd. (湖北普羅格科技集團股份有限公司). Since October 2021, he has also served as supervisor of Metaverse (Hainan) Research and Experimental Development Co., Ltd. (元宇宙(海南)研究和試驗發展有限公司), overseeing board and management conduct, and as director of Jiangxi Yuanjing Yujing Technology Co., Ltd. (江西元境宇景科技有限公司) from November 2021 to July 2024.

Mr. Zhao Guodong obtained his bachelor’s degree in applied mathematics from Xidian University (西安電子科技大學) in July 1997. In August 2015, he obtained an independent director qualification issued by the Shenzhen Stock Exchange.

Mr. Gang Dongjun (岡棟俊, formerly known as “Xu Dongjun (徐棟俊)”), aged 56, has been appointed as our independent non-executive Director in June 2025. He is responsible for providing independent advice on operations and management, focusing on governance, minority shareholder protection, major decision reviews, risk control, and compliance to us.

Mr. Gang served as the director of the public relations and marketing department of New Oriental Education & Technology Group Inc. (新東方教育科技集團, a company listed on the New York Stock Exchange (stock ticker symbol: EDU) and in the Hong Kong Stock Exchange (stock code: 09901)) from March 2000 to May 2013, where he was responsible for brand communication, media relations, and marketing strategy. He also served as the vice president of New Oriental Education & Technology Group Inc. from March 2010 to May 2013, overseeing government relations and public affairs. He also held various roles in social institutes, including deputy director of the 14th Education Committee of the Central Committee of the Chinese Peasants and Workers Democratic Party (農工黨中央教育委員會), and a two-term member of the Haidian District Committee of the Chinese People’s Political Consultative Conference (海澱區政協委員). Earlier in his career, from June 2013 to August 2019, he served as a partner and board member of Beijing Zhen Fund Management Co., Ltd.

DIRECTORS AND SENIOR MANAGEMENT

(北京真格天成投資管理有限公司), and has been serving as a counsel to this company since 2019. Mr. Gang has also served as a director of X Tech Advisors Limited since July 1, 2017. Since September 2024, he has been a founding partner of Real Value Financial Advisory LLC.

Mr. Gang obtained his bachelor’s degree major in political education from Shaanxi Normal University (陝西師範大學) in July 1992. He then obtained his master’s degree major in history from Peking University (北京大學) July 1996.

SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and members of senior management
Mr. Xiong Jian (熊劍) . . .	46	Executive Director, vice chairman of the Board and vice president	April 2000	December 30, 2014	Overseeing business and daily operations of our Group and leading the overall development of our Group	N/A
Mr. Pan Anmin (潘安民) . .	45	Executive Director and chief executive officer	April 2007	December 16, 2021	Overseeing business and daily operations of our Group and leading the overall development of our Group	N/A
Ms. Chen Jianhong (陳劍虹) . .	52	Executive Director, chief financial officer and vice president	December 2003	December 15, 2003	Responsible for financial operations and capital management of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and members of senior management
Dr. Qin Feng (秦峰). . . .	53	Secretary to the Board and vice president	May 2019	October 21, 2019	Responsible for overseeing and managing the Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group	N/A

Our senior management team is responsible for the day-to-day operations and overall management of our business. Mr. Xiong Jian, our executive Director, vice chairman of the Board and vice president; Mr. Pan Anmin, our executive Director and chief executive officer and Ms. Chen Jianhong, executive Director, chief financial officer and vice president, are all members of our senior management. For their biographical details, please refer to “— Directors — Executive Directors” in this document.

Dr. Qin Feng (秦峰), aged 53, has been appointed as the secretary to the Board and the vice president of us since October 2019. He has been primarily responsible for overseeing and managing the Board affairs, corporate governance, capital management, investor relations and securities affairs of our Group.

Prior to joining our Group, Dr. Qin worked at Tianjin Tianbao Infrastructure Co., Ltd (天津天保基建股份有限公司, a company listed on Shenzhen Stock Exchange (stock code: 000965)) from April 2006 to May 2019 with his last position as the secretary to the board of directors, responsible for information disclosure, capital markets, and investor relations. Dr. Qin served as vice secretary-general of Tianjin Listed Companies Association (天津上市公司協會) from March 2012 to December 2019, and as a supervisor of its first supervisory board from May 2016 to August 2021, mainly responsible for overseeing the execution of resolutions and reviewing financial and accounting records. From September 2016 to September 2019, he served as a supervisor at Airbus (Tianjin) Final Assembly Co., Ltd. (空中客車(天津)總裝有限公司), acting as a Chinese shareholder participating in the supervision of its operations and management.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Qin obtained his doctoral degree major in management science and engineer from Tianjin University (天津大學) in July 2007. He was awarded the title of senior economist by Tianjin Municipal Human Resources and Social Security Bureau (天津市人力資源和社會保障局) in 2015. In December 2007, he was awarded a board secretary qualification certificate issued by the Shenzhen Stock Exchange.

JOINT COMPANY SECRETARIES

Dr. Qin was appointed as one of our joint company secretaries. See “— Senior Management” above in this section for more details.

Ms. LEUNG Wing Han Sharon (梁穎嫻) (“**Ms. Leung**”) has been appointed as one of our joint company secretaries.

Ms. Leung possesses more than 15 years of experience in the company secretary profession. She is familiar with the Listing Rules, the Companies Ordinance as well as compliance work for offshore companies. Ms. Leung is currently a director of Company Secretarial Services of Tricor Services Limited and has been providing corporate secretarial and compliance services to a portfolio of clients including multinational corporations.

Ms. Leung is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She is also a member of the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

DIRECTORS AND SENIOR MANAGEMENT

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors and members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

To the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders save as disclosed in the section headed “Risk Factors — Risks Relating to Our Business and Industry” in this document.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group and provide advice and comments to the Board. The Audit Committee comprises Ms. Yan Mei (being our independent non-executive Director with appropriate professional qualifications), Mr. Zhao Guodong and Dr. Zhao Xinge, with Ms. Yan Mei as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Zhao Guodong, Dr. Wu Zhipan and Ms. Chen Jianhong, with Mr. Zhao Guodong as the chairperson.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. Wu Zhipan, Ms. Yan Mei, Mr. Xiong Jian and Mr. Gang Dongjun with, Dr. Wu Zhipan as the chairperson.

Strategy and Investment Committee

Our Board has established a Strategy and Investment Committee with written terms of reference. The primary duties of the Strategy and Investment Committee are to provide strategic advice on major investments, financing, operations, and other key matters impacting the company’s development. The Strategy and Investment Committee comprises Mr. Xiong Jian, Dr. Zhao Xinge and Mr. Pan Anmin, with Mr. Xiong Jian as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [REDACTED].

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embrace the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female and seven male Directors ranging from 45 to 68 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience relevant to our Group’s operations and business in the industry of marketing. They obtained degrees in various majors including history, accounting and business management. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

DIRECTORS AND SENIOR MANAGEMENT

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2022, 2023 and 2024 were RMB7.8 million, RMB10.61 million and RMB18.25 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force as of the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2025 to be approximately RMB9.12 million.

The five highest paid individuals of our Group for the years ended December 31, 2022, 2023 and 2024 included two, one and one Director(s), respectively. During the same periods, the aggregate amount of remuneration of the five highest paid individuals were RMB5.7 million, RMB21.4 million and RMB43.1 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

1. before the publication of any regulatory announcement, circular, or financial report;

DIRECTORS AND SENIOR MANAGEMENT

2. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
3. where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and
4. where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the price or [REDACTED] of our [REDACTED] securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), no person will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company or any other member of our Group, save as disclosed in the section headed “Appendix IV — Statutory and General Information — (C) Further Information about our Directors and Shareholders — 3 Disclosure of Interests — Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)”.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, our share capital was RMB3,537,525,227, comprising of 3,537,525,227 A Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the share capital of our Company immediately following completion of the [REDACTED] will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
A Shares in issue	3,537,525,227	[REDACTED]%
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is fully exercised) the share capital of our Company immediately following completion of the [REDACTED], will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
A Shares in issue	3,537,525,227	[REDACTED]%
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.00</u>

RANKING

Upon the completion of the [REDACTED], our Shares will consist of A Shares and H Shares. A Shares and H Shares are all ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association.

SHARE CAPITAL

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] for by or traded between legal or natural persons of the PRC.

A Shares and H Shares shall carry the same rights in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders’ general meeting of our Company held on June 23, 2025 and is subject to the following conditions:

- (i) *Size of the [REDACTED]*: The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED]% of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] Option shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].
- (ii) *Method of [REDACTED]*: The method of [REDACTED] shall be by way of an [REDACTED] to institutional [REDACTED] and a [REDACTED] for [REDACTED] in Hong Kong.

SHARE CAPITAL

- (iii) *Target [REDACTED]*: The H Shares shall be issued to overseas institutional [REDACTED], corporations and individual [REDACTED], as well as qualified domestic institutional [REDACTED] and other [REDACTED] who fulfill the relevant laws and regulations.
- (iv) *[REDACTED] determination basis*: The [REDACTED] of the H Shares will be determined by the Board and its authorized person with the authorization of the Shareholders’ general meetings, together with the [REDACTED], after full consideration of the interests of existing Shareholders and the conditions of domestic and international capital markets conditions with reference to the international practices and through demands for orders and book-building process using a market-oriented pricing method.
- (v) *Valid period*: The issue and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were approved at the Shareholders’ meeting. If the Company obtains approval from the relevant regulatory authorities for the [REDACTED] and [REDACTED] within the 24 months, the authorization period shall automatically be extended to the later of the completion date of this issuance and the [REDACTED] or the exercise date of the [REDACTED] (if applicable). There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND MEETING ARE REQUIRED

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix III — Summary of the Articles of Association”.

2023 STOCK INCENTIVE PLAN

Certain employees of our Company and our subsidiaries are eligible for interests of our Shares through the 2023 Stock Incentive Plan of our Company. For details, see “Appendix IV Statutory and General Information — (C) Further Information about our Directors and Shareholders — 4 the 2023 Stock Incentive Plan.”

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs. You should read the entire Accountant’s Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

Founded in 1996, we have been adhering to the philosophy of “Grounded in Expertise, Driven by Excellence,” and are committed to providing one-stop, technology-driven marketing services to clients across industries, addressing their full-spectrum marketing needs throughout the business lifecycle.

During the Track Record Period, our marketing services have reached nearly 200 countries and regions globally, serving over 100,000 clients, including over 100 Fortune China 500 companies. Our revenue increased from RMB36,682.6 million in 2022 to RMB60,796.9 million in 2024, representing a CAGR of 28.7%.

According to Frost & Sullivan, we were the largest Chinese marketing service provider in terms of revenue in 2024, and the only Chinese marketing service provider among the world’s top ten players, ranking tenth.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (the “IASB”). For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period.

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The Historical Financial Information has been prepared under the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out in Note 2 to the Accountants’ Report in Appendix I to this document which conform with IFRSs.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Technological Capabilities and AI Applications

Our results of operations are affected by the strength of our technological capacities, including our AI-powered applications, big data capabilities, IT infrastructure platforms and management technologies. As marketing continues to evolve toward automation and intelligence, we have strategically invested in building the technology foundation that facilitates our marketing services.

We apply AI throughout our operations, including (i) client service workflows and (ii) internal process optimization. With regard to client service workflows, AI plays a key role in every stage — from client briefing and engagement, campaign planning, campaign content production, campaign execution and management to campaign wrap-up — all of which have traditionally relied on manual work and human expertise. Leveraging Blue AI, a marketing domain-specific application engine for large language models, we are able to deliver more innovative, targeted, or cost-effective marketing services that traditional methods could not achieve. With regard to internal process optimization, we use AI tools in high-volume operational tasks, such as contract review and bid material preparation, which has significantly enhanced our efficiency and accuracy in execution.

Our continued investment in technology and innovation remains a core strategic priority. In 2022, 2023 and 2024, our technology investments, representing research and development expenses and other AI-related expenditure, amounted to RMB111.2 million, RMB114.1 million and RMB143.2 million, respectively. The progress of our technological capabilities and AI application also depends largely on our AI talents. As of the Latest Practicable Date, we had approximately 350 employees who are highly proficient in using AI as tools to improve our business operation across multiple business departments, including R&D, Blue AI Agents development, content production, and campaign optimization. As a result, we have strengthened our execution capabilities, enhanced client engagement, and supported the scalable delivery of marketing services. In 2024, our gross billing generated from AI-driven business amounted to approximately RMB1.2 billion. As we further deepen our technological capabilities and expand the application of AI in our operations, we believe we are well-positioned to capture future growth opportunities in the marketing industry.

Our Offering Portfolio and the Growth of Overseas Marketing Services

Our results of operations are affected by the performance of our offering portfolio, which comprises (i) overseas marketing services, (ii) domestic integrated marketing services, and (iii) domestic advertising services. Each service addresses distinct client needs, forming a balanced

FINANCIAL INFORMATION

and diversified offering portfolio. Among these, overseas marketing services have become an increasingly important growth engine, underscoring our ability to capture rising client demand for international market expansion and to execute high-performing campaigns across borders.

During the Track Record Period, we observed a strong and rising demand from China-based enterprises seeking to reach overseas audiences through media platforms such as Meta, Google, and TikTok for Business. Leveraging our long-established relationships with these leading media platforms, as well as our localized execution capabilities, we have been well-positioned to meet this demand.

As a result, revenue generated from our overseas marketing services increased significantly from RMB26,369.7 million in 2022 to RMB48,333.0 million in 2024 at a CAGR of 35.4%. Revenue generated from our overseas marketing services as a percentage of total revenue also increased from 71.9% in 2022 to 79.5% in 2024. We believe the continued globalization of China-based enterprises, the digital transformation of marketing activities, and our own operational strength will further support the growth of our overseas marketing services.

We intend to continue investing in platform partnerships, localization capabilities, and data-driven media strategies to enhance our competitiveness in overseas marketing. We believe overseas marketing services will remain a key engine for our long-term growth.

Our Client Base and Our Ability to Capture Their Advertising Spending

We generate revenue by providing clients with overseas marketing services, domestic integrated marketing services and domestic advertising services, and therefore our results of operations are affected by the size, diversity, and quality of our client base, as well as the advertising spending of these clients.

The quality of our services, combined with dedicated sales efforts and comprehensive client relationship management, has enabled us to build a large and diversified client base. During the Track Record Period, we served a broad and growing base of clients, including game developers, E-commerce enterprises, IT enterprises and others. A diversified client base helps us mitigate risks associated with industry-specific cycles and regulatory uncertainties.

The continuous expansion and retention of high-quality clients are crucial to our revenue growth and long-term sustainability. The retention rate for clients increased from 52.8% in 2023 to 66.9% in 2024, with many clients maintaining collaborations with us for over a decade. This high level of client stickiness reflects our ability to maintain strong relationships and deliver consistent performance.

Our ability to further increase our share of marketing spending from our existing client base, as well as to attract new clients, depends on several key factors: (i) our ability to capture market trends and address the evolving user acquisition needs of clients; (ii) our content production capabilities to create engaging and effective marketing content; and (iii) our continued technological innovation and optimization capabilities to deliver more precise and efficient marketing results across channels.

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Our Relationship with Media Platforms and Rebate Arrangements

Our results of operations are affected by our relationships with media platforms, through whom we acquire user traffic and deliver advertising content for our clients, to whom we pay media costs and from whom we receive rebates. The scope, stability, and quality of our relationships with media platforms, as well as the volume, cost-effectiveness and timeliness of user traffic and the rebate terms we are able to obtain from them, are critical to our ability to meet clients’ evolving advertising demands, optimize campaign performance, and maintain healthy gross profit margins.

We collaborate with a wide range of leading online media platforms, including Meta, Google and TikTok for Business under our overseas marketing services and Tencent and Baidu under our domestic advertising services. We have established longstanding relationships with several premium media platforms. For example, our collaboration with Google, Meta and TikTok for Business can be traced back to 2015, 2015 and 2018, respectively. During the Track Record Period, a significant portion of our media costs was attributable to a few key media platforms. Cost of sales attributable to our five largest media platforms in each of 2022, 2023 and 2024 accounted for 83.6%, 88.7% and 89.9% of our total cost of sales for the respective periods.

We receive rebates from media platforms, which had a direct impact on our cost structure and gross profit margin. These rebates are determined based on various factors, including our gross spending on the relevant platforms, the quality of our advertisements and client base, and the respective KPI policies of the media platforms, and are typically offset against our trade payables as a reduction of our cost of sales. As such, maintaining stable and favorable rebate terms with our media platforms is crucial in enhancing our cost efficiency and overall profitability.

Maintaining strong and sustainable relationships with media platforms is also critical to our ability to secure cost-effective and high-quality user traffic. Media platforms, especially top-tier platforms, often adopt stringent selection criteria for partners and prefer working with partners who can consistently help them monetize their advertising inventory through quality marketing content and reliable traffic performance. Should we fail to maintain or expand our relationships with key media platforms, be suspended due to policy non-compliance, or face unfavorable changes to rebate or pricing structures, our user traffic acquisition capability, revenue, and profitability may be materially and adversely affected.

Our Ability to Improve Operational Efficiency

Our ability to enhance operational efficiency is key to maintaining profitability and supporting sustainable growth. During the Track Record Period, we have streamlined our organizational structure, optimized resource allocation, and enhanced internal workflows to drive efficiency improvements across the business.

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While our revenue increased from RMB36,682.6 million in 2022 to RMB60,796.9 million in 2024, our revenue per employee also increased from approximately RMB13.4 million to RMB26.3 million, reflecting substantial gains in per capita productivity. During the same period, our selling expenses as a percentage of total revenue decreased from 2.3% to 1.3%, and our administrative expenses as a percentage of total revenue decreased from 1.5% to 1.1%, demonstrating operational scalability. We have continuously enhanced our organizational efficiency by integrating AI tools into high-volume tasks and content production processes, reducing dependency on manual labor. We will continue to implement technological services and refine team structures to support scalable growth with a leaner workforce.

We intend to continue optimizing our personnel and administrative expense structure, while selectively investing in high-value talent and digital capabilities. Our ability to control expenses while maintaining quality and consistency of our services remains critical to enhancing our overall financial performance.

MATERIAL ACCOUNTING POLICY INFORMATION, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions.

We set forth below accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. For details of our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, see Notes 4 and 5 to the Accountants’ Report in Appendix I to this document.

Revenue Recognition

Overseas Marketing Services and Domestic Advertising Services

For overseas marketing services and domestic advertising services, we recognize revenue at a point in time when the services are delivered to clients.

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Domestic Integrated Marketing Services

For domestic integrated marketing services:

- revenue from PR services is recognized over time based on input method, which measures progress toward satisfaction of a performance obligation based on the effort or inputs incurred, relative to the total expected inputs; and
- revenue from other integrated marketing services is recognized at a point in time when the services are delivered to clients.

Fair Value Measurement

During the Track Record Period, we had certain financial assets categorized within Level 3 of fair value measurement (“**Level 3 Financial Assets**”). Our Level 3 Financial Assets include unlisted equity instruments at FVTPL and unlisted equity instruments at FVTOCI.

In respect of the Level 3 Financial Assets, with reference to the guidance under the “Guidance Note on Directors’ Duties in the Context of Valuations in Corporate Transactions” (the “**Guidance**”) issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, our Directors adopted the following procedures: (i) selected qualified finance personnel with adequate knowledge and conducted valuation on the financial assets without readily determinable fair value; (ii) carefully considered available information in assessing the financial data and assumptions including but not limited to recent transaction price, discount for lack of marketability, expected rate of return, and macroeconomic and industry conditions; (iii) reviewed the terms of the underlying agreements of our financial assets, as well as the fair value measurement reports prepared by our qualified finance personnel. Based on the above procedures, our Directors are of the view that our Level 3 Financial Assets are fair and reasonable and our financial statements are properly prepared.

Details of the fair value measurement of our financial assets, particularly fair value hierarchy, valuation technique(s), significant input(s), and relationship of unobservable inputs to fair value are disclosed in Note 39(c) to the Accountant’s Report in Appendix I to this document.

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted (loss)/profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs.

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The following table reconciles our adjusted (loss)/profit (non-IFRS measure) to (loss)/profit for the year in respect of the years indicated.

	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year	(2,177,343)	111,723	(296,941)
<i>Adjusted for:</i>			
Equity-settled share-based payments . . .	<u>12,050</u>	<u>76,350</u>	<u>172,194</u>
Adjusted (loss)/profit (non-IFRS measure)	<u>(2,165,293)</u>	<u>188,073</u>	<u>(124,747)</u>

We define adjusted (loss)/profit (non-IFRS measure) as (loss)/profit for the year, excluding equity-settled share-based payments. We have made the following adjustment during the Track Record Period:

- Equity-settled share-based payments represent non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

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

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue was primarily derived from the provision of (i) overseas marketing services, (ii) domestic integrated marketing services and (iii) domestic advertising services.

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Cost of Sales

Our cost of sales primarily includes (i) media costs, (ii) service costs, (iii) conference costs, (iv) traveling costs and (v) tax and surcharges.

Our media costs mainly include advertising placement fees paid to domestic and overseas media platforms. Our service costs mainly include fees paid to KOLs for brand marketing campaigns and costs incurred for offline marketing campaigns.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Other Income

Our other income primarily consist of (i) interest income from bank deposits, (ii) dividend income from financial assets at FVTPL, (iii) interest income from financial assets at amortized cost, (iv) dividend income from financial assets at FVTOCI and (v) government grants.

Other Gains and Losses, Net

Our other gains and losses primarily consist of (i) (loss)/gain on change of fair value of financial assets at FVTPL, (ii) (loss)/gain on disposal of property, plant and equipment, (iii) loss on disposal of investments in associates, (iv) net foreign exchange gains/(losses) and (v) loss on settlement of contingent consideration payable.

Selling Expenses

Our selling expenses mainly consist of (i) staff costs, (ii) equity-settled share-based payments, (iii) service fees incurred by sales personnel, (iv) traveling expenses, (v) business development fees, (vi) conference expenses and (vii) rent, property management fees and utilities.

Administrative Expenses

Our administrative expenses mainly consist of (i) staff costs, (ii) equity-settled share-based payments, (iii) depreciation and amortization, (iv) service fees incurred by administrative personnel, (v) office and traveling expenses, (vi) rent, property management fees and utilities, (vii) bank and payment transaction fees and (viii) business development fees.

Research and Development Expenses

Our research and development expenses mainly consist of (i) staff costs, (ii) depreciation and amortization and (iii) cloud servers and database expenses.

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Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal mainly arose from (i) trade receivables, (ii) contract assets and (iii) other receivables.

Impairment Losses Recognized on Non-Financial Assets

Our impairment losses recognized on non-financial assets mainly arose from (i) investments in associates, (ii) goodwill and (iii) other intangible assets.

Share of Results of Associates

Our share of results of associates mainly represent losses attributable to us from our associates pursuant to our equity interests in such associates.

Finance Costs

Our finance costs mainly consist of interest expenses on bank borrowings and lease liabilities.

Income Tax Credit/(Expense)

Our income tax credit/(expense) primarily consists of income tax payable by us or refundable to us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. Our income tax provision in respect of our operations in the PRC was subject to a statutory tax rate of 25% on our assessable profits during the Track Record Period, except that some of our subsidiaries were from time to time entitled to preferential tax treatments, mainly including the following:

- preferential income tax rate of 15% due to their accreditation as high and new technology enterprises;
- preferential income tax rate of 15% due to their accreditation as part of China’s Western Development Program;
- preferential income tax rate of 15% due to their incorporation in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone; and
- preferential income tax rate of 20% due to their accreditation as small and micro enterprises.

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According to the two-tiered profits tax rate regime introduced in Hong Kong, the first HK\$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. Taxation arising in other jurisdictions was calculated at the rates prevailing in the relevant jurisdictions. Please see Note 12 of the Accountants’ Report in Appendix I to this document for details.

During the Track Record Period, we provided certain overseas marketing services that involved intra-group transactions, primarily between (i) our domestic subsidiary, Lanhan (Xiamen) Marketing Technology Co., Ltd. (“**Lanhan Xiamen**”), and (ii) our overseas subsidiaries, namely BLUEFOCUS INTERNATIONAL LIMITED (“**BlueFocus International**”), BlueVision Interactive Limited (“**BlueVision**”), BLUEMEDIA PTE. LTD. (“**BlueMedia**”), Domob Ruida Co., Ltd. (“**Domob Ruida**”), and Madhouse Co., Ltd. (“**Madhouse**”). These transactions related to the provision of overseas marketing services that connected overseas media platforms with domestic clients.

Specifically, during the Track Record Period, (i) we entered into agreements with leading overseas media platforms through BlueFocus International, BlueVision, and BlueMedia, (ii) we entered into agreements with China-based clients through Domob Ruida and Madhouse, and (iii) Lanhan Xiamen entered into intra-group service agreements with one or more of the above overseas subsidiaries and provided marketing services in accordance with client demands.

After consultation with our tax advisor, our Directors are of the view that these intra-group transactions were conducted on an arm’s length basis and in compliance with the applicable transfer pricing laws and regulations. As of the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, or demand or challenge for additional tax payment from any tax authorities in connection with such intra-group transactions that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with the relevant tax authorities.

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REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Revenue	36,682,585	100.0	52,615,934	100.0	60,796,916	100.0
Cost of sales	(34,974,895)	(95.3)	(50,827,390)	(96.6)	(59,266,755)	(97.5)
Gross profit	1,707,690	4.7	1,788,544	3.4	1,530,161	2.5
Other income	230,718	0.6	294,375	0.6	211,959	0.3
Other gains and losses, net	(275,849)	(0.8)	(71,062)	(0.1)	38,573	0.1
Selling expenses	(828,214)	(2.3)	(818,475)	(1.6)	(789,361)	(1.3)
Administrative expenses	(554,354)	(1.5)	(532,794)	(1.0)	(639,056)	(1.1)
Research and development expenses	(72,427)	(0.2)	(89,364)	(0.2)	(53,935)	(0.1)
Impairment losses under expected credit loss model, net of reversal	(343,262)	(0.9)	(415,592)	(0.8)	(194,045)	(0.3)
Impairment losses recognized on non-financial assets	(2,036,572)	(5.6)	–	–	(192,813)	(0.3)
Share of results of associates . .	(14,002)	(0.0)	(46,600)	(0.1)	(83,814)	(0.1)
Finance costs	(87,319)	(0.2)	(112,029)	(0.2)	(104,365)	(0.2)
Loss before tax	(2,273,591)	(6.2)	(2,997)	(0.0)	(276,696)	(0.5)
Income tax credit/(expense) . . .	96,248	0.3	114,720	0.2	(20,245)	(0.0)
(Loss)/profit for the year	(2,177,343)	(5.9)	111,723	0.2	(296,941)	(0.5)
Other comprehensive income/(expense) for the year, net of tax	198,068	0.5	(31,362)	(0.0)	(10,855)	(0.0)
Total comprehensive (expense)/income for the year	(1,979,275)	(5.4)	80,361	0.2	(307,796)	(0.5)

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Revenue

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

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Overseas marketing services . . .	26,369,700	71.9	37,363,084	71.0	48,332,990	79.5
Domestic integrated marketing services	6,519,536	17.8	11,282,094	21.5	8,133,348	13.4
Domestic advertising services . .	3,793,349	10.3	3,970,756	7.5	4,330,578	7.1
Total	36,682,585	100.0	52,615,934	100.0	60,796,916	100.0

During the Track Record Period, we primarily generated revenue from the provision of (i) overseas marketing services, (ii) domestic integrated marketing services and (iii) domestic advertising services, amounting to a total of RMB36,682.6 million, RMB52,615.9 million and RMB60,796.9 million in 2022, 2023 and 2024, respectively.

Comparison between 2024 and 2023: Our revenue increased by 15.5% from RMB52,615.9 million in 2023 to RMB60,796.9 million in 2024, primarily driven by the increase in revenue from (i) overseas marketing services and (ii) domestic advertising services, partially offset by the decrease in revenue from domestic integrated marketing services.

- *Overseas marketing services:* Our revenue from overseas marketing services increased by 29.4% from RMB37,363.1 million in 2023 to RMB48,333.0 million in 2024, primarily due to (i) growing overseas marketing demand from China-based enterprises, supported by favorable national initiatives such as the Belt and Road Initiative, according to Frost & Sullivan, (ii) our enhanced ability to deliver localized marketing services, enabled by our expanded global footprint, including the establishment of local offices in Thailand and (iii) our strengthened capacity to reach diverse audiences with more targeted marketing strategies, enabled by our increased collaboration with emerging media platforms that help clients engage with targeted audience in niche markets.
- *Domestic integrated marketing services:* Our revenue from domestic integrated marketing services decreased by 27.9% from RMB11,282.1 million in 2023 to RMB8,133.3 million in 2024, primarily due to a normalization of clients' demand following a rebound in 2023, when a concentration of new product launches led to a temporary surge in campaign volume. In 2024, product launch schedules became more evenly paced and marketing budgets were more conservative, resulting in fewer campaigns and lower average spending per campaign compared to the prior year.

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- *Domestic advertising services:* Our revenue from domestic advertising services increased by 9.1% from RMB3,970.8 million in 2023 to RMB4,330.6 million in 2024, primarily due to the continued expansion of our client base, an increase in number of partnered media platforms, and higher average spending per client.

Comparison between 2023 and 2022: Our revenue increased by 43.4% from RMB36,682.6 million in 2022 to RMB52,615.9 million in 2023, primarily due to the increase in revenue from (i) overseas marketing services, (ii) domestic integrated marketing services and (iii) domestic advertising services.

- *Overseas marketing services:* Our revenue from overseas marketing services increased by 41.7% from RMB26,369.7 million in 2022 to RMB37,363.1 million in 2023, primarily due to (i) rising overseas marketing demand from China-based enterprises, particularly in sectors such as gaming, e-commerce, and IT, as they accelerated global expansion efforts, according to Frost & Sullivan and (ii) strengthened partnerships with major global advertising platforms such as Meta, Google, and TikTok for Business, which enabled us to secure higher-quality advertising inventory, optimize media buying efficiency, and deliver more effective campaign results for our clients.
- *Domestic integrated marketing services:* Our revenue from domestic integrated marketing services increased by 73.1% from RMB6,519.5 million in 2022 to RMB11,282.1 million in 2023, primarily due to (i) a low base effect from 2022, when demand for integrated marketing services was relatively modest in China and (ii) increased demand from our clients in the gaming industry, as regulatory easing around game license approvals led to a wave of high-profile game releases, resulting in an increase in campaign volume and scale.
- *Domestic advertising services:* Our revenue from domestic advertising services increased by 4.7% from RMB3,793.3 million in 2022 to RMB3,970.8 million in 2023, primarily due to our deepened collaboration with existing clients.

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Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute and as a percentage of our total cost of sales, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Media costs	33,596,438	96.1	49,641,549	97.7	57,923,294	97.7
Service costs	1,202,243	3.4	1,022,507	2.0	1,178,094	2.0
Conference costs	108,018	0.3	91,426	0.2	94,094	0.2
Traveling costs	23,977	0.1	41,782	0.1	36,785	0.1
Other costs	30,867	0.1	9,441	0.0	9,843	0.0
Taxes and surcharges	13,352	0.0	20,685	0.0	24,645	0.0
Total	34,974,895	100.0	50,827,390	100.0	59,266,755	100.0

In 2022, 2023 and 2024, our cost of sales amounted to RMB34,974.9 million, RMB50,827.4 million and RMB59,266.8 million, respectively. Media costs are the largest component of our cost of sales, accounting for 96.1%, 97.7% and 97.7% of our cost of sales for the same periods.

Comparison between 2024, 2023 and 2022: Our cost of sales increased by 45.3% from RMB34,974.9 million in 2022 to RMB50,827.4 million in 2023, and further increased by 16.6% to RMB59,266.8 million in 2024, primarily due to the increase in our media costs, which was generally in line with our business growth.

Gross Profit and Gross Profit Margin

The table below sets forth a breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Overseas marketing services . .	396,607	1.5	619,422	1.7	834,410	1.7
Domestic integrated marketing services	824,825	12.7	932,912	8.3	539,530	6.6
Domestic advertising services .	486,258	12.8	236,210	5.9	156,221	3.6
Total	1,707,690	4.7	1,788,544	3.4	1,530,161	2.5

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Our gross profit increased by 4.7% from RMB1,707.7 million in 2022 to RMB1,788.5 million in 2023, and then decreased by 14.4% to RMB1,530.2 million in 2024. Our gross profit margin decreased from 4.7% in 2022 to 3.4% in 2023, and further decreased to 2.5% in 2024.

Comparison between 2024 and 2023: Our gross profit margin decreased from 3.4% in 2023 to 2.5% in 2024, primarily due to (i) the increase in revenue contribution of overseas marketing services, which has a relatively lower gross profit margin compared with other services we offered and (ii) the decrease in gross profit margin of domestic integrated marketing services and domestic advertising services.

- *Overseas marketing services:* Our gross profit margin of overseas marketing services remained stable at 1.7% in 2023 and 2024. The gross profit margin of our overseas marketing services, while lower than that of our domestic integrated marketing services and domestic advertising services, is in line with industry benchmarks, according to Frost & Sullivan. This is because of the market dominance of major global media platforms such as Meta, Google, and TikTok for Business, which typically offer limited rebates.
- *Domestic integrated marketing services:* Our gross profit margin of domestic integrated marketing services decreased from 8.3% in 2023 to 6.6% in 2024, primarily due to the increase in media costs. As marketing demand normalized and budgets tightened, clients showed a greater preference for media-heavy campaigns that deliver short-term performance, which typically carry lower gross profit margins.
- *Domestic advertising services:* Our gross profit margin of domestic advertising services decreased from 5.9% in 2023 to 3.6% in 2024, primarily due to decreased rebate rate from media platforms. In order to drive revenue growth, we strategically maintained competitive rebate rate to client despite a decrease in rebate rate from media platforms, to drive client engagement, enlarge our client base and strengthen long-term business growth and stability.

Comparison between 2023 and 2022: Our gross profit margin decreased from 4.7% in 2022 to 3.4% in 2023, primarily due to the decrease in gross profit margin of domestic integrated marketing services and domestic advertising services.

- *Overseas marketing services:* Our gross profit margin of overseas marketing services increased from 1.5% in 2022 to 1.7% in 2023, primarily due to the increase in rebate rate from overseas media platforms, resulting from our increased advertising placement volume.
- *Domestic integrated marketing services:* Our gross profit margin of domestic integrated marketing services decreased from 12.7% in 2022 to 8.3% in 2023, primarily due to a higher proportion of clients from the gaming industry. According to Frost & Sullivan, gaming companies are typically large-scale advertisers with

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strong bargaining power who often compare multiple service providers and negotiate aggressively on pricings. While this dynamic places pressure on gross profit margin, our ability to secure and execute large-scale campaigns for gaming companies underscores our strong delivery capabilities and trusted position in the market.

- *Domestic advertising services:* Our gross profit margin of domestic advertising services decreased from 12.8% in 2022 to 5.9% in 2023, primarily due to decreased rebate rate from media platforms. In order to drive revenue growth, we strategically maintained high rebate rate to client despite a decrease in rebate rate from media platforms, to drive client engagement, enlarge our client base and strengthen long-term business growth and stability.

Other Income

In 2022, 2023 and 2024, our other income amounted to RMB230.7 million, RMB294.4 million and RMB212.0 million, respectively. The following table sets forth a breakdown of our other income, both in absolute amounts and as percentages of our total other net income for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Interest income from bank deposits	25,742	11.2	77,036	26.2	105,630	49.8
Dividend income from financial assets at FVTPL	111,240	48.2	127,047	43.2	44,891	21.2
Interest income from financial assets at amortized cost	2,126	0.9	4,999	1.7	24,648	11.6
Dividend income from financial assets at FVTOCI	2,223	1.0	117	0.0	–	–
Government grants	87,222	37.8	83,730	28.4	20,330	9.6
Others	2,165	0.9	1,446	0.5	16,460	7.8
Total	230,718	100.0	294,375	100.0	211,959	100.0

Comparison between 2024 and 2023: Our other income decreased by 28.0% from RMB294.4 million in 2023 to RMB212.0 million in 2024, primarily due to (i) the decrease in dividend income from financial assets at FVTPL, primarily due to a reduction in holdings of our financial assets at FVTPL and (ii) the decrease in government grants, part of which is non-recurring in nature, partially offset by the increase in interest income from bank deposits due to an increase in interest rates on bank deposits.

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Comparison between 2023 and 2022: Our other income increased by 27.6% from RMB230.7 million in 2022 to RMB294.4 million in 2023, primarily due to (i) the increase in interest income from bank deposits due to an increase in interest rates on bank deposits, (ii) the increase in dividend income from financial assets at FVTPL, primarily due to higher dividend yields from financial assets at FVTPL we held.

Other Gains and Losses, Net

We recorded other net losses of RMB275.8 million and RMB71.1 million in 2022 and 2023, respectively, and other net gains of RMB38.6 million in 2024. The following table sets forth a breakdown of our other gains and losses, net, both in absolute amounts and as percentages of our other gains and losses, net for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
(Loss)/gain on change of fair value of financial assets at FVTPL	(212,592)	77.1	(47,950)	67.5	41,539	107.7
(Loss)/gain on disposal of property, plant and equipment	(177)	0.1	(384)	0.5	477	1.3
Loss on disposal of investments in associates . . .	(539)	0.2	(111)	0.2	(2,065)	(5.4)
Net foreign exchange gains/(losses)	1,152	(0.4)	(14,624)	20.6	2,980	7.7
Loss on settlement of contingent consideration payable	(57,434)	20.8	—	—	—	—
Others ⁽¹⁾	(6,259)	2.2	(7,993)	11.2	(4,358)	(11.3)
Total	(275,849)	100.0	(71,062)	100.0	38,573	100.0

Note:

(1) Others primarily included expenditures related to donations, fines and penalties.

Comparison between 2024 and 2023: Our other net losses of RMB71.1 million in 2023 turned into other net gains of RMB38.6 million in 2024, primarily because (i) we recorded gain on change of fair value of financial assets at FVTPL in 2024, as compared to a loss on change of fair value of financial assets at FVTPL in 2023, primarily due to (a) the disposal of certain financial assets in response to declining market conditions and (b) an increase in fair value of the remaining financial assets at FVTPL we held and (ii) we recorded net foreign exchange gains in 2024, as compared to net foreign exchange losses in 2023, primarily due to fluctuations in exchange rates.

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Comparison between 2023 and 2022: Our other net losses decreased by 74.2% from RMB275.8 million in 2022 to RMB71.1 million in 2023, primarily due to (i) the decrease in loss on change of fair value of financial assets at FVTPL, primarily due to a recovery in market prices of certain listed equity instrument and (ii) the decrease in loss on settlement of contingent consideration payable, primarily in relation to the disposal of overseas subsidiaries in 2021. According to the disposal agreement, we agreed to adjust the amount of consideration under certain conditions.

Selling Expenses

In 2022, 2023 and 2024, our selling expenses amounted to RMB828.2 million, RMB818.5 million and RMB789.4 million, representing 2.3%, 1.6% and 1.3%, respectively, of our total revenue.

The table below sets forth a breakdown of our selling expenses, both in absolute amounts and as percentages of our total selling expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Staff costs	730,263	88.2	711,545	86.9	658,050	83.4
Equity-settled share-based payments	—	—	—	—	34,649	4.3
Service fees	71,505	8.6	58,298	7.1	53,422	6.8
Traveling expenses	8,755	1.1	18,885	2.3	20,178	2.6
Business development fees	6,757	0.8	7,637	0.9	5,614	0.7
Conference expenses	2,715	0.3	2,672	0.3	1,707	0.2
Rent, property management fees and utilities	917	0.1	1,116	0.2	4,022	0.5
Others	7,302	0.9	18,322	2.3	11,719	1.5
Total	828,214	100.0	818,475	100.0	789,361	100.0

Comparison between 2024 and 2023: Our selling expenses decreased by 3.6% from RMB818.5 million in 2023 to RMB789.4 million in 2024, primarily due to the decrease in staff costs of RMB53.5 million, attributable primarily to the decrease in the number of sales staff as improved operating efficiency and economies of scale enabled us to streamline our sales force.

Comparison between 2023 and 2022: Our selling expenses decreased by 1.2% from RMB828.2 million in 2022 to RMB818.5 million in 2023, primarily due to the decrease in staff costs of RMB18.7 million, attributable primarily to the decrease in the number of sales staff as we benefited from economies of scale.

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Administrative Expenses

In 2022, 2023 and 2024, our administrative expenses amounted to RMB554.4 million, RMB532.8 million and RMB639.1 million, representing 1.5%, 1.0% and 1.1%, respectively, of our total revenue.

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Staff costs	196,735	35.5	199,256	37.4	230,337	36.0
Equity-settled share-based payments	12,050	2.2	76,350	14.3	137,545	21.5
Depreciation and amortization . .	145,210	26.2	93,611	17.6	88,732	13.9
Service fees	123,363	22.3	46,888	8.8	70,741	11.1
Office and traveling expenses . .	22,784	4.1	35,613	6.7	51,418	8.0
Rent, property management fees and utilities	13,318	2.4	30,810	5.8	19,187	3.0
Bank and payment transaction fees	9,507	1.7	8,565	1.6	14,007	2.2
Business development fees	5,065	0.9	5,923	1.1	6,749	1.1
Others	26,322	4.7	35,778	6.7	20,340	3.2
Total	554,354	100.0	532,794	100.0	639,056	100.0

Comparison between 2024 and 2023: Our administrative expenses increased by 19.9% from RMB532.8 million in 2023 to RMB639.1 million in 2024, primarily due to (i) the increase in equity-settled share-based payments of RMB61.2 million in relation to our employee share incentive plans, (ii) the increase in staff costs of RMB31.1 million, attributable primarily to the increase in the number of our AI talents and (iii) the increase in service fees of RMB23.9 million, primarily in relation to fees paid for the continued development of Blue AI and the enhancement of our digital IPs.

Comparison between 2023 and 2022: Our administrative expenses decreased by 3.9% from RMB554.4 million in 2022 to RMB532.8 million in 2023, primarily due to (i) the decrease in service fees of RMB76.5 million, primarily in relation to fees paid for outsourcing services and (ii) the decrease in depreciation and amortization of RMB51.6 million in relation to other intangible assets; partially offset by the increase in equity-settled share-based payments of RMB64.3 million in relation to our employee share incentive plans.

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Research and Development Expenses

In 2022, 2023 and 2024, our research and development expenses amounted to RMB72.4 million, RMB89.4 million and RMB53.9 million, representing 0.2%, 0.2% and 0.1%, respectively, of our total revenue.

The following table sets out a breakdown of our research and development expenses, both in absolute amounts and as percentages of our total research and development expenses, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Staff costs	50,734	70.1	68,276	76.4	51,255	95.0
Depreciation and amortization . .	6,403	8.8	4,630	5.2	1,224	2.3
Cloud servers and database expenses	12,475	17.2	13,119	14.7	–	–
Others	2,815	3.9	3,339	3.7	1,456	2.7
Total	<u>72,427</u>	<u>100.0</u>	<u>89,364</u>	<u>100.0</u>	<u>53,935</u>	<u>100.0</u>

Comparison between 2024 and 2023: Our research and development expenses decreased by 39.6% from RMB89.4 million in 2023 to RMB53.9 million in 2024, primarily due to (i) the decrease in staff costs of RMB17.0 million, attributable primarily to the decrease in number of R&D staff as certain R&D projects were in their final stages and were put into operation and (ii) the decrease in cloud servers and database expenses of RMB13.1 million, primarily because in 2022 and 2023 we purchased cloud servers and database to support our R&D activities, which remained valid and in use during 2024 without the need for additional purchases.

Comparison between 2023 and 2022: Our research and development expenses increased by 23.4% from RMB72.4 million in 2022 to RMB89.4 million in 2023, primarily due to the increase in staff costs of RMB17.5 million, attributable primarily to a shift in employee composition toward more senior or specialized R&D roles with higher compensation levels, driven by our increased investment in R&D.

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Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recognized impairment losses under expected credit loss model, net of reversal of RMB343.3 million, RMB415.6 million and RMB194.0 million in 2022, 2023 and 2024. The following table sets forth a breakdown of our impairment losses under expected credit loss model, net of reversal, both in absolute amounts and as percentages of our total impairment losses under expected credit loss model, net of reversal for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Impairment losses						
recognized/(reversed) on:						
– trade receivables	267,436	77.9	406,818	97.9	195,565	100.8
– contract assets	12	0.0	476	0.1	(120)	(0.1)
– other receivables	75,814	22.1	8,298	2.0	(1,400)	(0.7)
Total	343,262	100.0	415,592	100.0	194,045	100.0

Comparison between 2024 and 2023: Our impairment losses under expected credit loss model, net of reversal decreased by 53.3% from RMB415.6 million in 2023 to RMB194.0 million in 2024, primarily due to the decrease in impairment losses recognized on trade receivables, as a result of improved collection efforts and strengthened credit management.

Comparison between 2023 and 2022: Our impairment losses under expected credit loss model, net of reversal increased by 21.1% from RMB343.3 million in 2022 to RMB415.6 million in 2023. This increase was primarily due to higher impairment losses recognized on trade receivables, attributable primarily to (i) an increase in the balance of trade receivables and (ii) changes in credit risk profiles. As of December 31, 2023, certain trade receivables were assessed individually due to credit deterioration of specific clients, which resulted in increased impairment losses.

FINANCIAL INFORMATION

Impairment Losses Recognized on Non-Financial Assets

We recognized impairment losses recognized on non-financial assets of RMB2,036.6 million, nil and RMB192.8 million in 2022, 2023 and 2024. The following table sets forth a breakdown of our impairment losses recognized on non-financial assets, both in absolute amounts and as percentages of our total impairment losses recognized on non-financial assets for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Impairment losses recognized on:						
– investments in associates . .	154,825	7.6	–	–	192,813	100.0
– goodwill	1,281,562	62.9	–	–	–	–
– other intangible assets	600,185	29.5	–	–	–	–
Total	2,036,572	100.0	–	–	192,813	100.0

We recognized impairment losses on investments in associates of RMB154.8 million and RMB192.8 million in 2022 and 2024, respectively. We assess whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. For details on the impairment testing on investments in associates, see Note 4 to the Accountants’ Report in Appendix I to this document.

We recognized impairment losses on goodwill of RMB1,281.6 million in 2022. For the purposes of impairment testing, goodwill is allocated to five individual cash generating units (“CGUs”). Each CGU is expected to benefit from the synergies of the combination and represents the lowest level at which the goodwill is monitored for internal management purposes, and not larger than an operating segment. For details on the impairment testing on goodwill, see Note 20 to the Accountants’ Report in Appendix I to this document.

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We recognized impairment losses on other intangible assets of RMB600.2 million in 2022. At the end of the reporting period, we review the carrying amounts of other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of other intangible assets is estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the CGUs to which the asset belongs. For details on the impairment testing on other intangible assets, see Note 20 to the Accountants’ Report in Appendix I to this document.

Share of Results of Associates

Our share of losses of associates increased from RMB14.0 million in 2022 to RMB46.6 million in 2023, and further increased to RMB83.8 million 2024, primarily due to the increase in losses incurred by certain associates, mainly Plus Company International Holding Limited.

Finance Costs

The table below sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance costs, for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Interest on bank borrowings . . .	84,869	97.2	101,987	91.0	88,856	85.1
Interest on lease liabilities	2,450	2.8	10,042	9.0	15,509	14.9
Total	87,319	100.0	112,029	100.0	104,365	100.0

Comparison between 2024 and 2023: Our finance costs decreased by 6.8% from RMB112.0 million in 2023 to RMB104.4 million in 2024, primarily due to the decrease in interest on bank borrowings resulting from the decrease of interest rate on bank borrowings in 2024.

Comparison between 2023 and 2022: Our finance costs increased by 28.3% from RMB87.3 million in 2022 to RMB112.0 million in 2023, primarily due to the increase in interest on bank borrowings resulting from the increase of interest rate on bank borrowings in 2023.

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Income Tax (Credit)/Expense

The table below sets forth a breakdown of our income tax (credit)/expense for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Current tax	86,532	(89.9)	84,449	(73.6)	87,143	430.4
Deferred tax	(182,780)	189.9	(199,169)	173.6	(66,898)	(330.4)
Total	(96,248)	100.0	(114,720)	100.0	20,245	100.0

Our income tax credit increased by 19.2% from RMB96.2 million in 2022 to RMB114.7 million in 2023, primarily due to the movements in deferred tax assets and liabilities. In 2024, our income tax credit turned into income tax expense of RMB20.2 million, primarily due to the movements in deferred tax assets and liabilities. In 2022, 2023 and 2024, our effective income tax rates, calculated as our income tax credit/(expense) divided by our loss before tax, were 4.2%, 3,827.9% and negative 7.3%, respectively.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded loss for the year of RMB2,177.3 million in 2022, profit for the year of RMB111.7 million in 2023 and loss for the year of RMB296.9 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our use of cash was primarily related to operating activities. We have historically financed our operations primarily through cash generated from our operating activities and bank loans. As of December 31, 2024, we had RMB4,142.0 million of available cash and cash equivalents. Our available cash and cash equivalents comprise demand deposits and short term deposits. Please see Note 29 to “Appendix I — Accountants’ Report” for more details.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net [REDACTED] from the [REDACTED].

For discussions of our working capitals, please see “— Selected Balance Sheet Items.”

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Working Capital Sufficiency

Taking into account the financial resources available to us, including cash and cash equivalents on hand, cash generated from operating activities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements, that is, for the next 12 months following the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash generated from/(used in)			
operating activities	1,046,393	569,616	(32,157)
Net cash (used in)/generated from			
investing activities	(676,768)	121,140	459,468
Net cash generated from/(used in)			
financing activities	630,434	(427,853)	(397,529)
Net increase in cash and cash			
equivalents	1,000,059	262,903	29,782
Cash and cash equivalents at the			
beginning of the year	2,678,433	3,804,439	4,077,313
Cash and cash equivalents at the end			
of the year	3,804,439	4,077,313	4,141,982

Operating Activities

Our cash flows from operating activities reflect: our loss before tax adjusted for (i) non-cash and non-operating items such as finance costs, interest income, dividend income, share of results of associates, depreciation and amortization, impairment losses, write-down/(reversal of write-down) of inventories, equity-settled share-based payments, loss/(gain) on change in fair value of financial assets at FVTPL, loss/(gain) on disposal of property, plant and equipment, loss on disposal of intangible assets, loss on disposal of investments in associates and foreign exchange gain/(loss), (ii) the effects of movement in working capital such as trade and other receivables, contract assets, inventories, restricted bank deposits, trade and other payables, contract liabilities and deferred income and (iii) income tax paid. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from clients and the timing of payment of trade

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payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period.

Our net cash flow used in operating activities in 2024 was RMB32.2 million, primarily attributable to our loss before taxation of RMB276.7 million, as adjusted for (i) non-cash and non-operating items such as impairment losses on trade and other receivables and contract assets under expected credit loss model, net of reversal of RMB194.0 million and impairment loss on investments in associates of RMB192.8 million, (ii) the effects of movement in working capital such as the increase in trade and other receivables of RMB1,473.8 million, partially offset by the increase in contract liabilities of RMB619.0 million and the increase in trade and other payables of RMB561.7 million and (iii) income tax paid of RMB76.4 million.

Our net cash flow generated from operating activities in 2023 was RMB569.6 million, primarily attributable to our loss before taxation of RMB3.0 million, as adjusted for (i) non-cash and non-operating items such as impairment losses on trade and other receivables and contract assets under expected credit loss model, net of reversal of RMB415.6 million, (ii) the effects of movement in working capital such as the increase in trade and other payables of RMB3,672.3 million, partially offset by the increase in trade and other receivables of RMB3,423.8 million and (iii) income tax paid of RMB71.8 million.

Our net cash flow generated from operating activities in 2022 was RMB1,046.4 million, primarily attributable to our loss before taxation of RMB2,273.6 million, as adjusted for (i) non-cash and non-operating items such as impairment loss on goodwill of RMB1,281.6 million, impairment loss on other intangible assets of RMB600.2 million and impairment losses on trade and other receivables and contract assets under expected credit loss model, net of reversal of RMB343.3 million, (ii) the effects of movement in working capital such as the increase in trade and other payables of RMB1,145.7 million and the increase in contract liabilities of RMB273.5 million, partially offset by the increase in trade and other receivables of RMB782.8 million and (iii) income tax paid of RMB158.0 million.

Investing Activities

In 2024, our net cash generated from investing activities amounted to RMB459.5 million, which primarily resulted from proceeds from disposal of equity instruments at FVTPL of RMB1,162.9 million and interest received of RMB127.3 million, partially offset by purchase of debt instruments at amortized cost of RMB641.9 million and purchase of equity instruments at FVTPL of RMB217.6 million.

In 2023, our net cash generated from investing activities amounted to RMB121.1 million, which primarily resulted from proceeds from disposal of equity instruments at FVTPL of RMB155.9 million and dividend received from equity instruments of RMB131.7 million, partially offset by purchase of equity investments at FVTPL of RMB258.6 million.

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In 2022, our net cash used in investing activities amounted to RMB676.8 million, which primarily resulted from capital contribution to associates of RMB518.7 million and purchase of equity instruments at FVTPL of RMB295.7 million, partially offset by dividend received from equity instruments of RMB102.5 million.

Financing Activities

In 2024, our net cash used in financing activities amounted to RMB397.5 million, which primarily resulted from repayment of bank borrowings raised of RMB3,649.3 million, partially offset by new bank borrowings raised of RMB3,234.7 million and proceeds from issue of shares of RMB169.6 million.

In 2023, our net cash used in financing activities amounted to RMB427.9 million, which primarily resulted from repayment of bank borrowings of RMB2,690.5 million, partially offset by new bank borrowings raised of RMB2,403.5 million.

In 2022, our net cash generated from financing activities amounted to RMB630.4 million, which primarily resulted from new bank borrowings raised of RMB3,191.0 million, partially offset by repayment of bank borrowings of RMB2,446.4 million.

SELECTED BALANCE SHEET ITEMS

Net Current Assets

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				(unaudited)
Current assets				
Inventories	9,974	6,091	12,986	12,777
Trade and other receivables . .	7,775,627	10,806,651	11,936,064	12,257,036
Contract assets	136,189	126,122	120,650	265,357
Tax recoverable	2,906	1,468	1,774	9
Financial assets at FVTPL . . .	1,207,070	1,268,969	269,754	269,754
Debt instruments at				
amortized cost	—	—	45,862	87,943
Restricted bank deposits	41,545	36,608	49,968	40,086
Cash and cash equivalents . . .	3,804,439	4,077,313	4,141,982	3,401,088
Total current assets	12,977,750	16,323,222	16,579,040	16,334,050

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	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities				
Trade and other payables	7,354,686	11,045,877	11,512,373	10,801,091
Contract liabilities	692,478	426,851	1,045,851	1,349,469
Borrowings	1,679,794	1,439,728	1,328,389	1,889,308
Lease liabilities	39,310	67,816	72,535	71,124
Tax liabilities	32,620	43,786	54,876	29,650
Total current liabilities	9,798,888	13,024,058	14,014,024	14,140,642
NET CURRENT ASSETS . .	3,178,862	3,299,164	2,565,016	2,193,408

Our net current assets increased from RMB3,178.9 million as of December 31, 2022 to RMB3,299.2 million as of December 31, 2023, primarily due to (i) the increase in trade and other receivables of RMB3,031.1 million, which was in line with our business expansion and revenue growth, (ii) the increase in cash and cash equivalents of RMB272.9 million, (iii) the decrease in contract liabilities of RMB265.6 million, which was primarily attributable to a decrease in upfront payments for advertising placement received from clients, and (iv) the decrease in borrowings of RMB240.1 million, partially offset by the increase in trade and other payables of RMB3,691.2 million, which was primarily due to our increased needs for advertising placement resulting from business expansion.

Our net current assets decreased from RMB3,299.2 million as of December 31, 2023 to RMB2,565.0 million as of December 31, 2024, primarily due to (i) the decrease in financial assets at FVTPL of RMB999.2 million, which was mainly due to the strategic reduction of our holdings in certain financial assets in response to declining market performance and yield expectations, (ii) the increase in contract liabilities of RMB619.0 million, which was primarily attributable to an increase in upfront payments for advertising placement received from clients, and (iii) the increase in trade and other payables of RMB466.5 million, which was primarily due to our increased needs for advertising placement resulting from business expansion, partially offset by the increase in trade and other receivables of RMB1,129.4 million, which was in line with our business expansion and revenue growth,

Our net current assets decreased from RMB2,565.0 million as of December 31, 2024 to RMB2,193.4 million as of April 30, 2025, primarily due to the decrease in cash and cash equivalents of RMB740.9 million, partially offset by (i) the decrease in trade and other payables of RMB711.3 million, mainly as a result of payments made to suppliers in the first quarter and (ii) the increase in trade and other receivables of RMB321.0 million, which was in line with our business expansion.

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Inventories

Our inventories comprise (i) finished goods, which are campaign-based materials procured for our offline marketing campaigns and will be recognized as cost of sales in line with campaign progress, (ii) digital currency, primarily comprising Bitcoin and Ethereum, which is held primarily for the potential purchase of metaverse virtual spaces overseas and will be recognized as cost of sales when used for such acquisitions and (iii) digital resources, which are related to the provision of VR technology-enabled services and will be recognized as cost of sales progressively in accordance with contract execution. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	5,545	—	—
Digital currency	4,429	6,091	6,443
Digital resources	—	—	6,543
Total	9,974	6,091	12,986

Our inventories decreased by 38.9% from RMB10.0 million as of December 31, 2022 to RMB6.1 million as of December 31, 2023, primarily due to the decrease in finished goods as campaign-based materials were recognized as cost of sales in line with campaign progress. Our inventories increased by 113.2% from RMB6.1 million as of December 31, 2023 to RMB13.0 million as of December 31, 2024, primarily due to the increase in digital resources in relation to our provision of VR technology-enabled services, including *Tengwang Pavilion project*.

The following table sets forth an aging analysis of our inventories, as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Within one year	9,974	100.0	—	—	6,543	50.4
One to two years	—	—	6,091	100.0	—	—
Two to three years	—	—	—	—	6,443	49.6
Total	9,974	100.0	6,091	100.0	12,986	100.0

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The turnover days of our inventories and the subsequent utilization rate of our inventories are not meaningful performance indicators, primarily due to the nature of each of our inventories and the nature of our business. Our inventories are primarily intended for internal use or service delivery, rather than for turnover, trading or resale purpose, and therefore may remain on the balance sheet until utilized in project execution.

Trade and Other Receivables

The balance of our trade and other receivables mainly represented unsecured and non-interest bearing balances due from our clients for provision of our services. We generally grant credit terms of (i) 40 to 60 days to overseas marketing service clients and domestic advertising service clients and (ii) 30 to 180 days to integrated marketing service clients. The table below sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	7,880,295	11,274,176	12,229,586
Less: allowance for credit losses	(563,146)	(894,443)	(849,636)
	7,317,149	10,379,733	11,379,950
Bills receivables at FVTOCI	13,856	39,959	31,159
Other tax recoverable	170,482	97,251	159,307
Dividend receivables	11,023	6,501	15,002
Other receivables	179,084	209,057	64,233
Deposits	111,381	132,734	132,823
Prepayments	139,659	116,185	202,941
Less: allowance for credit losses	(167,007)	(174,769)	(49,351)
Total	<u>7,775,627</u>	<u>10,806,651</u>	<u>11,936,064</u>

Our balance of trade and other receivables increased from RMB7,775.6 million as of December 31, 2022 to RMB10,806.7 million as of December 31, 2023 and further increased to RMB11,936.1 million as of December 31, 2024, primarily due to the increase in the balance of trade receivables, which was in line with our business expansion and revenue growth.

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Aging Analysis of Trade Receivables

The following table sets forth an aging analysis of the trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Within six months	6,282,902	85.9	9,524,947	91.8	10,520,776	92.5
Six months to one year . .	777,043	10.6	518,631	5.0	567,454	5.0
One to two years	222,094	3.0	331,604	3.2	253,988	2.2
Two to three years	22,721	0.3	4,551	0.0	37,732	0.3
Over three years	12,389	0.2	—	—	—	—
Total	7,317,149	100.0	10,379,733	100.0	11,379,950	100.0

Our trade receivables increased from RMB7,317.1 million as of December 31, 2022 to RMB10,379.7 million as of December 31, 2023 and further increased to RMB11,380.0 million as of December 31, 2024, primarily attributable to the increase in trade receivables aged within six months, which was in line with the general credit term granted to our clients.

As of December 31, 2022, 2023 and 2024, our trade receivables that were outstanding for more than six months but within one year amounted to RMB777.0 million, RMB518.6 million and RMB567.5 million, respectively, accounting for 10.6%, 5.0% and 5.0% of our trade receivables net of loss allowance as of the respective dates. Of the trade receivables of RMB567.5 million as of December 31, 2024 that were outstanding for more than six months but within one year:

- In terms of business segment: a major portion of such balance was in relation to our offering of PR services under domestic integrated marketing services. Due to the nature of such business, which typically involve long campaign cycles, we recognize revenue and corresponding trade receivables progressively in accordance with campaign execution. However, under the terms of most contracts, clients' payment obligations are only triggered upon the completion of the entire campaign. As a result, the aging of these trade receivables may appear long, even though such payment is not yet contractually due, and
- In terms of type of clients: a major portion of such balance was due from reputable and well-established market players in China's automobile industry. These clients have large scale of operation, sound financial position, clear payment plan and years of stable and in-depth cooperative relationships with us without any material historical bad accounts.

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Allowance for Credit Losses on Trade Receivables

We measure allowance for credit losses for trade receivables using IFRS 9 simplified approach and has calculated expected credit loss (“ECL”) based on lifetime ECLs. We perform impairment assessment under ECL model on trade receivables with credit-impaired individually. Except for items that are subject to individual evaluation, the remaining trade receivables due from a large number of small clients with common risk characteristics are grouped based on provision matrix by reference to aging of outstanding balances for the clients. Please see Note 39(b) of the Accountants’ Report in Appendix I to this document for details.

Our allowance for credit losses on trade receivables was RMB563.1 million, RMB894.4 million and RMB849.6 million as of December 31, 2022, 2023 and 2024, respectively. Our Directors consider that sufficient allowance have been made with respect to our trade receivables. There is no recoverability issue with such trade receivable balances (to the extent no provision has been made) by taking into account our historical credit loss experience, historical experience in transacting with relevant clients and their financial position.

Turnover Days Analysis of Trade Receivables

The following table sets forth our trade receivables turnover days during the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days ⁽¹⁾ .	70	61	65

Note:

- (1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (less allowance for impairment) for the relevant year, divided by the revenue for the same year and multiplied by 365 days for the year.

Our trade receivables turnover days decreased from 70 days in 2022 to 61 days in 2023, primarily due to the rapid growth in revenue during the period, which outpaced the increase in trade receivables. Our trade receivables turnover days increased from 61 days in 2023 to 65 days in 2024, primarily due to extended credit terms granted by media platforms, which led to a corresponding lengthening of our collection cycle.

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Internal Control Measures of Trade Receivables

We believe that we have implemented effective credit management system and policies during the Track Record Period. We generally grant credit terms of 30 to 180 days to our clients, which are generally determined with reference to the financial position, credit record, duration of business relationship and the types of services we provide. We monitor our outstanding trade receivables, in particular, long-aging trade receivables, closely and request the collection status thereof to be reported regularly to the management for further action. We have taken various measures to enhance the collection of trade receivables, including (i) negotiating with the relevant clients, and closely following up with our clients regarding outstanding trade receivables immediately after we provide our services and issue the notice of payment to clients based on the progress of our projects and (ii) setting trade receivable collection rate as a performance indicator for our relevant business staff undertaking such tasks.

In the event of significant payment delays after repeatedly failed collection attempts, we may resort to legal proceedings to collect the outstanding amounts. During the Track Record Period and up to the Latest Practicable Date, we had, in an effort to recover overdue payments from clients, filed lawsuits against certain clients who had defaulted on payments. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in collecting trade receivables which would have a material impact on our business or financial performance.

To further mitigate our credit risk, we had maintained a trade receivables insurance since 2021. Such trade receivables insurance was maintained to mitigate losses arising from: (i) client bankruptcy or insolvency, (ii) delayed payments by clients, (iii) clients’ refusal to acknowledge completed services and (iv) political risks, as covered under the insurance policy. In 2024, the insured amount was USD900.0 million (approximately RMB6,452.6 million, which could cover up to 52.8% of the amount of outstanding trade receivables as at December 31, 2024. During the Track Record Period, we had filed 51 trade receivables insurance claims for our overdue trade receivables with an aggregate amount of USD11.4 million (approximately RMB81.7 million) and 41 of trade receivable insurance claims have been received.

During the Track Record Period, we did not experience any significant losses associated with our trade and other receivables and the increase in our trade and other receivables did not have any material adverse impact on our liquidity or cash flows.

As of April 30, 2025, RMB10,294.0 million, or 84.2% of our total trade receivables as of December 31, 2024, had been settled.

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Financial Assets at FVTPL

Our financial assets at FVTPL primarily consist of (i) listed equity instruments, (ii) unlisted equity instruments (iii) listed debt instruments and (iv) currency forwards. Our financial assets at FVTPL increased from RMB1,207.1 million as of December 31, 2022 to RMB1,269.0 million as of December 31, 2023, mainly due to an increase in the fair value of certain listed equity investments. Our financial assets at FVTPL decreased from RMB1,269.0 million as of December 31, 2023 to RMB269.8 million as of December 31, 2024, mainly due to the strategic reduction of our holdings in certain financial assets in response to declining market performance and yield expectations.

Trade and Other Payables

Our trade and other payables primarily consisting of payments due to our media platforms for advertising placement. Our trade payables are non-interest-bearing and are normally settled within (i) 30 to 50 days from overseas marketing service suppliers and domestic advertising service suppliers and (ii) 30 to 300 days from integrated marketing service suppliers. The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	6,927,998	10,701,416	11,196,187
Other tax payables.	155,677	59,797	88,304
Other payables.	44,166	66,752	42,348
Payroll payables	212,458	204,575	172,178
Dividend payables	14,387	13,337	13,356
Total	<u>7,354,686</u>	<u>11,045,877</u>	<u>11,512,373</u>

Our trade and other payables increased from RMB7,354.7 million as of December 31, 2022 to RMB11,045.9 million as of December 31, 2023 and further increased to RMB11,512.4 million as of December 31, 2024, primarily due to our increased needs for advertising placement resulting from business expansion.

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The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Within one year	6,763,225	97.6	10,538,131	98.5	11,060,191	98.8
Over one year	164,773	2.4	163,285	1.5	135,996	1.2
Total	6,927,998	100.0	10,701,416	100.0	11,196,187	100.0

Our trade payables increased from RMB6,928.0 million as of December 31, 2022 to RMB10,701.4 million as of December 31, 2023 and further increased to RMB11,196.2 million as of December 31, 2024, primarily attributable to the increase in trade payables aged within one year, which was in line with the increase in our media costs.

The following table sets forth our trade payables turnover days during the dates indicated:

	Year ended December 31,		
	2022	2023	2024
Trade payables turnover days ⁽¹⁾	65	63	67

Note:

- (1) The trade payables turnover days is the average of the opening and closing trade payable divided by our total cost of sales for that year and multiplied by 365 days for the year.

Our trade payables turnover days decreased from 65 in 2022 to 63 in 2023, primarily due to the rapid growth in cost of sales during the period, which outpaced the increase in trade payables. Our trade payables turnover days increased from 63 days in 2023 to 67 days in 2024, primarily due to extended credit terms granted by media platforms.

As of April 30, 2025, RMB10,291.2 million, or 91.9% of our total trade payables as of December 31, 2024, had been settled.

Contract Liabilities

Our contract liabilities include payments of the contract from clients based on billing schedule as set out in the contracts.

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Our contract liabilities decreased from RMB692.5 million as of December 31, 2022 to RMB426.9 million as of December 31, 2023, primarily attributable to a decrease in upfront payments for advertising placement received from clients. Our contract liabilities increased from RMB426.9 million as of December 31, 2023 to RMB1,045.9 million as of December 31, 2024, primarily attributable to an increase in upfront payments for advertising placement received from clients.

Non-current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	111,341	103,743	99,935
Right-of-use assets	59,500	237,352	181,466
Goodwill	1,756,191	1,756,191	1,756,191
Other intangible assets	18,847	7,986	7,413
Investments in associates	1,880,414	1,807,771	1,577,346
Financial assets at FVTPL	589,532	605,413	713,403
Equity instruments at FVTOCI	332,838	207,685	136,076
Debt instruments at amortized cost	36,927	42,559	621,080
Deferred tax assets	271,988	430,466	522,900
Deposits and prepayments	25,926	26,201	23,051
Total non-current assets	5,083,504	5,225,367	5,638,861
NON-CURRENT LIABILITIES			
Other payables	17,529	17,895	—
Borrowings	735,684	750,872	483,677
Lease liabilities	24,876	176,185	129,102
Deferred income	450	232	227
Deferred tax liabilities	66,952	420	8,054
Total non-current liabilities	845,491	945,604	621,060
Net assets	7,416,875	7,578,927	7,582,817

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Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) buildings and structures, (ii) leasehold improvement, (iii) machinery, (iv) transportation vehicles and (v) office equipment. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Buildings and structures	62,836	62,349	61,704
Leasehold improvement	9,443	7,647	8,741
Machinery	10	8	276
Transportation vehicles	3,364	2,011	5,729
Office equipment	35,688	31,728	23,485
Total	111,341	103,743	99,935

Our property, plant and equipment decreased from RMB111.3 million as of December 31, 2022 to RMB103.7 million as of December 31, 2023, and further decreased to RMB99.9 million as of December 31, 2024, primarily due to the decrease in office equipment resulting from disposal and retirement of office and electronic equipment.

Right-of-Use Assets

Our right-of-use assets primarily consist of (i) building and structures and (ii) machinery and equipment. Our right-of-use assets increased from RMB59.5 million as of December 31, 2022 to RMB237.4 million as of December 31, 2023, primarily due to renewal of lease agreements for our offices. Our right-of-use assets decreased from RMB237.4 million as of December 31, 2023 to RMB181.5 million as of December 31, 2024, mainly due to depreciation of our right-of-use assets.

Goodwill

Our goodwill primarily arise from our acquisition of business. For details, see Note 18 to the Accountants’ Report in Appendix I to this document. We recorded goodwill of RMB1,756.2 million as of December 31, 2022, 2023 and 2024.

FINANCIAL INFORMATION

Investments in associates

Our investments in associates primarily represented our share of net assets in our associates companies, primarily including Newport Blue Impact, LP and Plus Company International Holding Limited. Our investments in associates decreased from RMB1,880.4 million as of December 31, 2022 to RMB1,807.8 million as of December 31, 2023, primarily due to the decrease in net assets of Plus Company International Holding Limited.

Our investments in associates decreased from RMB1,807.8 million as of December 31, 2023 to RMB1,577.3 million as of December 31, 2024, primarily due to (i) impairment losses recognized on investments in certain associates of RMB192.8 million in 2024 and (ii) the decrease in net assets of Plus Company International Holding Limited.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30, 2025
	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Borrowings	1,679,794	1,439,728	1,328,389	1,889,308
Lease liabilities	39,310	67,816	72,535	71,124
Non-current				
Borrowings	735,684	750,872	483,677	—
Lease liabilities	24,876	176,185	129,102	130,028
Total	<u>2,479,664</u>	<u>2,434,601</u>	<u>2,013,703</u>	<u>2,090,460</u>

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Borrowings

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had borrowings of RMB2,415.5 million, RMB2,190.6 million, RMB1,812.1 million and RMB1,889.3 million, respectively. The following table sets forth a breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30, 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Bank borrowings				
Secured	735,684	750,872	483,677	465,908
Unsecured	1,679,794	1,439,728	1,328,389	1,423,400
Total	<u>2,415,478</u>	<u>2,190,600</u>	<u>1,812,066</u>	<u>1,889,308</u>

As of December 31, 2022, 2023 and 2024, the annual interest rate of our fixed-rate borrowings ranged from 1.75% to 6.00%, 3.10% to 6.00% and 2.90% to 6.39%, respectively. As of the same dates, the annual interest rate of our variable-rate borrowings was 1.16% to 5.17%, 2.70% to 5.00% and 2.70% to 4.55%, respectively. Our bank borrowings are denominated in RMB and USD. Certain of our bank borrowings were secured by debt instruments at FVTPL, debt instruments at amortized cost and restricted bank deposits and/or guaranteed by certain Directors of our Company. See note 32 to Appendix I to this document. As of April 30, 2025, we had unutilized bank facilities of approximately RMB1,204.9 million.

We are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds and pledged assets related to the bank loans, and our ability to engage in change-in-control transactions, and reduce our working capital. Furthermore, some of our bank borrowings are subject to the fulfillment of covenants relating to certain of our financial ratios, as are commonly found in loan arrangements with financial institutions.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, or material default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

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Lease Liabilities

As of December 31, 2022, 2023 and 2024 and April 30, 2025, we had outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB64.2 million, RMB244.0 million, RMB201.6 million and RMB201.2 million, respectively, in relation to the corresponding lease liabilities.

Indebtedness Statement

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2025. Our Directors confirm that there have been no material adverse change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL EXPENDITURE

We incurred capital expenditures of RMB94.5 million, RMB15.9 million and RMB11.9 million in 2022, 2023 and 2024, respectively, mainly in relation to the purchase of property, plant and equipment.

We expect to fund our future capital expenditures with our operating cash flows as well as with our own funds or other funds raised. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

CAPITAL COMMITMENTS

In 2022, 2023, and 2024, our capital commitments were RMB549.5 million, RMB335.9 million, and RMB335.2 million, respectively, which were capital expenditures in respect of investments in associates we contracted for but not provided in the financial statements.

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OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time. Please see Note 41 to the Accountants’ Report in Appendix I to this document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

DIVIDENDS AND DIVIDENDS POLICY

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. During the Track Record Period, we declared dividends of RMB105.0 million, nil and RMB24.9 million in 2022, 2023 and 2024, respectively.

Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2023 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2023年修訂)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profit realized for that year after making the required appropriations to statutory reserves. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

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[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees (such as the discretionary incentive fee) incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] million (or HK\$[REDACTED] million, representing [REDACTED]% of the gross [REDACTED] from the [REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), of which (i) approximately RMB[REDACTED] million, directly attributable to the issue of our [REDACTED], will be subsequently charged to equity upon completion of the proposed [REDACTED] and (ii) approximately RMB[REDACTED] million is expected to be expensed in our consolidated statements of profit or loss for the year ending December 31, 2025. By nature, our [REDACTED] expenses are composed of (i) [REDACTED] related expenses (including but not limited to commissions and fees) of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] expenses of approximately RMB[REDACTED] million, which consist of (a) fees and expenses of the Joint Sponsors, legal advisors and accountants of approximately RMB[REDACTED] million, and (b) other fees and expenses of approximately RMB[REDACTED] million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of or for the year ended December 31,		
	2022	2023	2024
Gross profit margin	4.7%	3.4%	2.5%
Revenue growth rate	N/A	43.4%	15.5%
Current ratio ⁽¹⁾	1.3 times	1.3 times	1.2 times
Liability-to-asset ratio ⁽²⁾	58.9%	64.8%	65.9%

Notes:

- (1) Current ratio was calculated by dividing current assets by current liabilities.
- (2) Liability-to-asset ratio was calculated by dividing total liabilities by total assets and multiplied by 100%.

Current Ratio

Our current ratio remained stable at 1.3 times in 2022 and 2023, respectively. Our current ratio decreased from 1.3 times in 2023 to 1.2 times in 2024, primarily due to the decrease in financial assets at FVTPL as we reduced our holdings in certain financial assets in response to declining market performance and yield expectations. In addition, given the relatively low base

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of our current liabilities, even small changes in current liabilities may lead to fluctuations in our current ratio. Nevertheless, our current ratio remained above 1.0 throughout the Track Record Period, indicating a healthy level of liquidity.

Liability-to-Asset Ratio

Our liability-to-asset ratio increased from 58.9% in 2022 to 64.8% in 2023, primarily due to the increase in trade and other payables in line with our increased needs for advertising placement resulting from business expansion. Our liability-to-asset ratio increased from 64.8% in 2023 to 65.9% in 2024, primarily due to the decrease in financial assets at FVTPL as we reduced our holdings in certain financial assets in response to declining market performance and yield expectations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Market Risk

Market risk include currency risk, interest rate risk and other price risk.

- **Currency Risk.** Certain financial assets and financial liabilities are denominated in foreign currencies and are therefore exposed to foreign currency risk. We currently do not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.
- **Interest Rate Risk.** We are primarily exposed to fair value interest rate risk in relation to debt instruments at amortized cost and FVTPL, restricted bank deposits, fixed-rate borrowings and lease liabilities and cash flow interest risk in relation to cash and cash equivalents and variable-rate borrowings. We currently not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arise.
- **Other Price Risk.** We are exposed to price risk through our investments that are classified as either FVTPL or FVTOCI. We manage price risk by maintaining a diversified investment portfolio with varying risk and return profiles. We have appointed a dedicated team to monitor the price risk and will consider hedging the risk exposure should the need arise.

For details of our market risk, please see Note 39(b) to the Accountants' Report set out in Appendix I to this document.

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Credit Risk

Credit risk refers to the risk that our counterparties may default on their contractual obligations, resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, contract assets, restricted bank deposits, cash and cash equivalents and debt instruments at amortized cost and FVTPL. We not hold any collateral or other credit enhancements to cover its credit risks associated with our financial assets. Please see Note 39(b) to the Accountants' Report set out in Appendix I to this document for more details.

Liquidity Risk

In managing liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. For the maturity profile of our financial liabilities and lease liabilities as of December 31, 2022, 2023 and 2024, please see Note 39(b) to the Accountants' Report set forth in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there had been no material adverse change in our financial, operational or prospects since December 31, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For details of our future plans, please refer to “Business — Our Strategies.”

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] of HK\$[REDACTED] million, after deducting the [REDACTED] fees and commissions paid and payable by us in connection with the [REDACTED] and the estimated [REDACTED] expenses, assuming that the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document.

We intend to use the net [REDACTED] of the [REDACTED] for the following purposes:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for enhancing the Company’s R&D capabilities in the AI field and continuously iterating products and technology innovations over the next three years. Specifically,
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the continued development of Blue AI.

We intend to invest in third-party data services to support data collection, cleansing, rendering, and annotation, with a view to building high-quality, domain-specific datasets tailored for marketing applications. These efforts will lay the groundwork for future training large language models in the marketing industry and enable downstream applications such as intelligent reasoning, decision-making support.

We also plan to gradually enhance Blue AI by supporting future model development initiatives, including inference-oriented optimization, algorithm refinement and computing infrastructure enhancement, to improve its reasoning capabilities, adaptability and performance in complex marketing scenarios.

- (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the development of the R&D team.

We plan to recruit technical personnel to support our business growth and strengthen our R&D capabilities. This includes hiring data, front-end, and server-side R&D engineers to support product development, engineering implementation, and system operations, as well as recruiting senior experts with deep experience in areas such as AI algorithms and system architecture to enhance our technological innovation and the application of AI across our business.

FUTURE PLANS AND USE OF [REDACTED]

- (iii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the expansion of AI infrastructure.

We plan to lease or purchase an AI computing power cluster to build an internal computing power platform with high efficiency and scalability by acquiring advanced AI-specific computing hardware, including high-performance GPU server clusters and ancillary network storage devices, in order to meet the growing demands for model training and inference, and to support the continuous evolution of AI-related technologies and applications.

We plan to lease or purchase necessary general computing hardware equipment such as CPU servers, workstation hosts and laptops for R&D personnel, to support the construction of daily R&D, testing and deployment environment.

We also plan to purchase advanced software systems for daily business operations, including operating systems, professional database software and other necessary development tools and platform licenses to enhance R&D efficiency and team collaboration capabilities.

- (iv) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for promoting the research and development of multi-modal and video-related technologies, and building an AI-driven native workflow system to further improve our creative generation capabilities.

Among them, in terms of multi-modal technology, we will invest in multi-modal technologies that integrate text, image, and audio, which will be applied to scenarios such as advertising creative generation, so as to enhance the diversity and intelligence level of content generation. In terms of video technology, we will focus on the enhancement of intelligent processing and generation capabilities, build an intelligent video generation platform, and achieve automatic editing of advertising clips and batch generation of cultural and tourism video content. In terms of AI native full chain, we will promote the AI-based restructuring of technical architecture, reduce manual intervention, improve system response speed and resource utilization efficiency, and further support intelligent upgrading and large-scale expansion of business processes.

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of the global business network over the next three years. Specifically,

- (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for the construction of overseas offices.

FUTURE PLANS AND USE OF [REDACTED]

We plan to establish or expand physical offices in key target markets, including Southeast Asia, South America, Europe and the United States, to build localized operation centers that are close to local clients and ecosystems. The related investment may cover venue leasing, decoration, administrative setup and initial operation costs.

- (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for building our own traffic platform.

We plan to further enhance our traffic acquisition and monetization capabilities by upgrading our programmatic advertising platforms, including Blue X and Blue Turbo, to improve global traffic acquisition, management, and realization. We also intend to build an AI-driven virtual traffic generation and operation system, exploring new user interaction models and content distribution methods to expand traffic sources and improve operational efficiency. In addition, we plan to establish and deepen strategic partnerships with a wide range of overseas long-tail media, content platforms, and emerging traffic channels to diversify traffic sources and lower client acquisition costs.

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for enhancing our service capabilities in the domestic market in the next three years. Specifically,
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for supporting the in-depth business cooperation with domestic leading internet platforms and media groups, so as to consolidate our market position, expanding our market share and enhancing our brand influence.
 - (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for supporting the exploration of emerging business lines in the domestic market, as well as the development of VR-related marketing technologies and campaigns. For example, we plan to deepen cooperation with additional 5A-level scenic spots and other cultural and tourism venues to create differentiated immersive experience products powered by VR technology, further expanding our technology-driven marketing capabilities and business potential.
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for potential acquisitions or investment opportunities in the next three years.

We will focus on capturing investment or merger and acquisition opportunities that fit in with our long-term development strategy and have the potential for significant synergies, with a view to improving our industrial ecological layout and creating new growth engines. Relevant targets may include technology companies with unique advantages or complementary capabilities in areas such as core AI

FUTURE PLANS AND USE OF [REDACTED]

technologies, vertical industry applications, data assets or specific AI toolchains, which will help strengthen our AI technology stack and accelerate product innovation and technology iteration. In addition, we will also focus on targets that can help us quickly gain access to overseas localized traffic portals, such as overseas media resources or platforms with regional influence or specific audience groups, in order to further strengthen our global marketing network layout and user reach capabilities.

As we are experiencing rapid industry changes, and we consider strategic acquisitions or investments as a more cost-effective way to access desirable technologies and resources in the market than relying solely on in-house research and development. According to Frost & Sullivan, this practice is a common industry phenomenon.

In evaluating potential acquisition opportunities, we will consider the potential target’s synergies with our existing business, technical capabilities, the experience and skills of our management team, as well as the value and estimated cost.

As of the Latest Practicable Date, however, we had not identified any specific investment or acquisition targets that we intend to fund with the net [REDACTED] from the [REDACTED].

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

The above allocation of [REDACTED] will be adjusted on a pro rata basis if the [REDACTED] is set at a level higher or lower than the mid-point of the estimated [REDACTED].

If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the upper end of the [REDACTED] as stated in the document, we will receive net [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the lower end of the [REDACTED] as stated in the document, we will receive net [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

In the event that the net [REDACTED] from the [REDACTED] are not immediately available for the purposes mentioned above, or if we are unable to implement any part of our intended future development plans, we will only deposit such net [REDACTED] in short-term interest-bearing deposits with licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations of other jurisdictions). Appropriate announcements will be made if there are any changes to the intended use of the above [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-94, received from the Company’s reporting accountants, [Baker Tilly Hong Kong Limited], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BLUEFOCUS INTELLIGENT COMMUNICATIONS GROUP CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, GUOTAI JUNAN CAPITAL LIMITED AND CHINA RENAISSANCE SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of BlueFocus Intelligent Communications Group Co., Ltd. (北京藍色光標數據科技集團股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on page I-3 to I-[94], which comprises the consolidated statements of financial position of the Group as of December 31, 2022, 2023 and 2024, the statements of financial position of the Company as of December 31, 2022, 2023 and 2024, and the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-[94] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the proposed initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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ACCOUNTANTS' REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as of December 31, 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which contains information about the dividends declared or paid by the Company in respect of the Track Record Period.

[Baker Tilly Hong Kong Limited]

Certified Public Accountants

Hong Kong, [●]

[●]

Practising Certificate Number: [●]

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ACCOUNTANTS’ REPORT

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 accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Baker Tilly Hong Kong Limited 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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended December 31,		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	6	36,682,585	52,615,934	60,796,916
Cost of sales		(34,974,895)	(50,827,390)	(59,266,755)
Gross profit		1,707,690	1,788,544	1,530,161
Other income	7	230,718	294,375	211,959
Other gains and losses, net	8	(275,849)	(71,062)	38,573
Selling expenses		(828,214)	(818,475)	(789,361)
Administrative expenses		(554,354)	(532,794)	(639,056)
Research and development expenses		(72,427)	(89,364)	(53,935)
Impairment losses under expected credit loss model, net of reversal	9	(343,262)	(415,592)	(194,045)
Impairment losses recognized on non-financial assets	11	(2,036,572)	–	(192,813)
Share of results of associates		(14,002)	(46,600)	(83,814)
Finance costs	10	(87,319)	(112,029)	(104,365)
Loss before tax	11	(2,273,591)	(2,997)	(276,696)
Income tax credit/(expense)	12	96,248	114,720	(20,245)
(Loss)/profit for the year		(2,177,343)	111,723	(296,941)
(Loss)/profit for the year attributable to:				
Owners of the Company		(2,175,157)	116,588	(290,675)
Non-controlling interests		(2,186)	(4,865)	(6,266)
		(2,177,343)	111,723	(296,941)
(Loss)/earnings per share	14			
Basic (in RMB)		(0.63)	0.03	(0.08)
Diluted (in RMB)		(0.63)	0.03	(0.08)

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
(Loss)/profit for the year	(2,177,343)	111,723	(296,941)
Other comprehensive income/(expense), net of tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income/(expense) of associates, net of tax	1,847	(220)	282
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	(11,190)	(94,954)	(45,501)
	(9,343)	(95,174)	(45,219)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive (expense)/income of associates, net of tax	(29,450)	15,159	(15,521)
Exchange differences arising on translation of foreign operations, net of tax	236,861	48,653	49,885
	207,411	63,812	34,364
Other comprehensive income/(expense) for the year, net of tax	<u>198,068</u>	<u>(31,362)</u>	<u>(10,855)</u>
Total comprehensive (expense)/income for the year	<u>(1,979,275)</u>	<u>80,361</u>	<u>(307,796)</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company	(1,977,089)	85,226	(301,530)
Non-controlling interests	(2,186)	(4,865)	(6,266)
	<u>(1,979,275)</u>	<u>80,361</u>	<u>(307,796)</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31,		
	Notes	2022	2023	2024
		RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	16	111,341	103,743	99,935
Right-of-use assets.	17	59,500	237,352	181,466
Goodwill	18	1,756,191	1,756,191	1,756,191
Other intangible assets	19	18,847	7,986	7,413
Investments in associates	21	1,880,414	1,807,771	1,577,346
Financial assets at fair value through profit or loss (“FVTPL”)	22	589,532	605,413	713,403
Equity instruments at FVTOCI	23	332,838	207,685	136,076
Debt instruments at amortised cost	24	36,927	42,559	621,080
Deferred tax assets.	25	271,988	430,466	522,900
Deposits and prepayments	27	25,926	26,201	23,051
		<u>5,083,504</u>	<u>5,225,367</u>	<u>5,638,861</u>
Current assets				
Inventories	26	9,974	6,091	12,986
Trade and other receivables	27	7,775,627	10,806,651	11,936,064
Contract assets	28	136,189	126,122	120,650
Tax recoverable.		2,906	1,468	1,774
Financial assets at FVTPL	22	1,207,070	1,268,969	269,754
Debt instruments at amortised cost	24	–	–	45,862
Restricted bank deposits	29	41,545	36,608	49,968
Cash and cash equivalents	29	3,804,439	4,077,313	4,141,982
		<u>12,977,750</u>	<u>16,323,222</u>	<u>16,579,040</u>
Current liabilities				
Trade and other payables.	30	7,354,686	11,045,877	11,512,373
Contract liabilities	31	692,478	426,851	1,045,851
Borrowings	32	1,679,794	1,439,728	1,328,389
Lease liabilities.	33	39,310	67,816	72,535
Tax liabilities		32,620	43,786	54,876
		<u>9,798,888</u>	<u>13,024,058</u>	<u>14,014,024</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	As of December 31,		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net current assets.		<u>3,178,862</u>	<u>3,299,164</u>	<u>2,565,016</u>
Total assets less current liabilities.		<u>8,262,366</u>	<u>8,524,531</u>	<u>8,203,877</u>
Non-current liabilities				
Other payables	30	17,529	17,895	–
Borrowings	32	735,684	750,872	483,677
Lease liabilities	33	24,876	176,185	129,102
Deferred income	34	450	232	227
Deferred tax liabilities	25	<u>66,952</u>	<u>420</u>	<u>8,054</u>
		<u>845,491</u>	<u>945,604</u>	<u>621,060</u>
Net assets		<u><u>7,416,875</u></u>	<u><u>7,578,927</u></u>	<u><u>7,582,817</u></u>
Capital and reserves				
Share capital.	35	2,491,038	2,487,539	2,526,804
Reserves	36	<u>4,932,348</u>	<u>5,095,513</u>	<u>5,063,526</u>
Equity attributable to owners of the				
Company		7,423,386	7,583,052	7,590,330
Non-controlling interests		<u>(6,511)</u>	<u>(4,125)</u>	<u>(7,513)</u>
Total equity		<u><u>7,416,875</u></u>	<u><u>7,578,927</u></u>	<u><u>7,582,817</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
	Notes	2022	2023	2024
		RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	16	35,841	26,438	23,756
Right-of-use assets	17	12,011	42,076	69,527
Other intangible assets	19	9,181	4,174	1,542
Investments in subsidiaries	45	8,051,955	8,094,079	7,735,181
Investments in associates	21	118,328	384,340	367,911
Financial assets at FVTPL	22	112,885	76,935	73,415
Equity instruments at FVTOCI	23	266,163	145,163	73,839
Deferred tax assets	25	67,221	66,415	117,320
Other receivables	27	271,236	6,249	—
		<u>8,944,821</u>	<u>8,845,869</u>	<u>8,462,491</u>
Current assets				
Trade and other receivables	27	489,817	447,665	1,064,274
Contract assets	28	17,145	3,093	6,711
Cash and cash equivalents	29	359,257	363,924	298,191
		<u>866,219</u>	<u>814,682</u>	<u>1,369,176</u>
Current liabilities				
Trade and other payables	30	555,961	466,719	518,292
Contract liabilities	31	5,635	72	3,493
Borrowings	32	1,100,584	780,345	750,260
Lease liabilities	33	12,906	11,126	29,144
		<u>1,675,086</u>	<u>1,258,262</u>	<u>1,301,189</u>
Net current (liabilities)/assets		<u>(808,867)</u>	<u>(443,580)</u>	<u>67,987</u>
Total assets less current liabilities		<u>8,135,954</u>	<u>8,402,289</u>	<u>8,530,478</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		As of December 31,		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Non-current liabilities				
Lease liabilities	33	1,189	31,986	48,139
Deferred income	34	—	232	227
		1,189	32,218	48,366
Net assets		8,134,765	8,370,071	8,482,112
Capital and reserves				
Share capital	35	2,491,038	2,487,539	2,526,804
Reserves	36	5,643,727	5,882,532	5,955,308
Total equity		8,134,765	8,370,071	8,482,112

Attributable to owners of the Company

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ACCOUNTANTS’ REPORT

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Treasury shares	Statutory reserve	FVTOCI reserve	Translation reserve	Share-based payments reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023.	2,491,038	5,329,092	(1,856,450)	(19,890)	362,099	(177,814)	18,145	-	1,277,166	7,423,386	(6,511)	7,416,875
Profit/(loss) for the year	-	-	-	-	-	-	-	-	116,588	116,588	(4,865)	111,723
Other comprehensive (expense)/income for the year	-	-	-	-	-	(80,015)	48,653	-	-	(31,362)	-	(31,362)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(80,015)	48,653	-	116,588	85,226	(4,865)	80,361
Cancellation of treasury shares (Note 35(i))	(3,499)	(16,391)	-	19,890	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments (Note 37)	-	-	-	-	-	-	-	76,350	-	76,350	-	76,350
Disposal of equity instruments at FVTOCI	-	-	-	-	-	4,357	-	-	(4,357)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,000	3,000
Partial disposal of interests in subsidiaries without losing control	-	-	749	-	-	-	-	-	-	749	4,251	5,000
Share of reserves of associates.	-	-	(2,659)	-	-	-	-	-	-	(2,659)	-	(2,659)
At December 31, 2023	2,487,539	5,312,701	(1,858,360)	-	362,099	(253,472)	66,798	76,350	1,389,397	7,583,052	(4,125)	7,578,927

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to owners of the Company												
	Share capital	Share premium	Capital reserve	Treasury shares	Statutory reserve	FVTOCI reserve	Translation reserve	Share-based payments reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024.	2,487,539	5,312,701	(1,858,360)	-	362,099	(253,472)	66,798	76,350	1,389,397	7,583,052	(4,125)	7,578,927
Loss for the year.	-	-	-	-	-	-	-	-	(290,675)	(290,675)	(6,266)	(296,941)
Other comprehensive (expense)/income for the year	-	-	-	-	-	(60,740)	49,885	-	-	(10,855)	-	(10,855)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(60,740)	49,885	-	(290,675)	(301,530)	(6,266)	(307,796)
Issue of shares under share incentive plans (Notes 35(ii) and 37)	39,265	206,711	-	-	-	-	-	(76,350)	-	169,626	-	169,626
Recognition of equity-settled share-based payments (Note 37)	-	-	-	-	-	-	-	172,194	-	172,194	-	172,194
Disposal of equity instruments at FVTOCI	-	-	-	-	-	(8,205)	-	-	8,205	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,817	1,817
Partial disposal of interest in subsidiaries without losing control	-	-	77	-	-	-	-	-	-	77	1,061	1,138
Share of reserves of associates.	-	-	(8,214)	-	-	-	-	-	-	(8,214)	-	(8,214)
Dividend declared (Note 15)	-	-	-	-	-	-	-	-	(24,875)	(24,875)	-	(24,875)
At December 31, 2024.	2,526,804	5,519,412	(1,866,497)	-	362,099	(322,417)	116,683	172,194	1,082,052	7,590,330	(7,513)	7,582,817

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended December 31,		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
OPERATING ACTIVITIES				
Loss before tax		(2,273,591)	(2,997)	(276,696)
Adjustments for:				
Finance costs	10	87,319	112,029	104,365
Interest income		(27,868)	(82,035)	(130,278)
Dividend income		(113,463)	(127,164)	(44,891)
Share of results of associates		14,002	46,600	83,814
Depreciation of property, plant and equipment	11	27,879	20,761	15,902
Depreciation of right-of-use assets	11	71,170	69,212	79,695
Amortisation of other intangible assets	11	56,507	11,263	5,632
Impairment losses on trade and other receivables and contract assets under expected credit loss model, net of reversal	9	343,262	415,592	194,045
Impairment losses on goodwill	11	1,281,562	–	–
Impairment losses on other intangible assets	11	600,185	–	–
Impairment losses on investments in associates	11	154,825	–	192,813
Write-down/(reversal of write-down) of inventories	11	1,774	(1,569)	(256)
Equity-settled share-based payments	11	12,050	76,350	172,194
Loss/(gain) on changes in fair value of financial assets at FVTPL	8	212,592	47,950	(41,539)
Loss/(gain) on disposal of property, plant and equipment	8	177	384	(477)
Loss on disposal of intangible assets		707	–	–
Loss on disposal of investments in associates	8	539	111	2,065
Loss on settlement of contingent consideration payable for acquisition of subsidiaries	8	57,434	–	–
Foreign exchange gain/(loss)		72,555	52,344	(4,629)
Operating cash flows before movements in working capital		579,617	638,831	351,759
Increase in trade and other receivables		(782,838)	(3,423,818)	(1,473,847)
Decrease in contract assets		9,820	9,591	5,592
(Increase)/decrease in inventories		(10,500)	5,452	(6,639)
(Increase)/decrease in restricted bank deposits		(10,990)	4,937	(13,360)
Increase in trade and other payables		1,145,657	3,672,312	561,702
Increase/(decrease) in contract liabilities		273,509	(265,627)	619,000
Increase/(decrease) in deferred income		121	(218)	(5)
Cash generated from operations		1,204,396	641,460	44,202
Income tax paid		(158,003)	(71,844)	(76,359)
Net cash generated from/(used in) operating activities		1,046,393	569,616	(32,157)

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest received	25,742	77,036	127,256
Dividend received from associates	8,253	20,238	15,664
Dividend received from equity instruments	102,475	131,684	50,298
Proceeds from disposal of investments in associates	32,278	10,430	24,373
Proceeds from disposal of equity instruments at FVTOCI	–	–	10,467
Proceeds from disposal of equity instruments at FVTPL	92,247	155,942	1,162,946
Proceeds from disposal of property, plant and equipment	236	701	689
Proceeds from disposal of debt instruments	–	–	28,309
Capital contribution to associates	(518,654)	–	(80,884)
Purchase of debt instruments at amortised cost	(33,498)	–	(641,903)
Purchase of equity instruments at FVTOCI	(15,000)	–	–
Purchase of equity instruments at FVTPL	(295,657)	(258,571)	(217,617)
Purchase of property, plant and equipment	(94,452)	(15,918)	(11,936)
Purchase of other intangible assets . . .	(9,615)	(402)	(5,059)
Withdrawal of restricted bank deposits	70,197	–	–
Payments for acquisitions of subsidiaries in prior years	(41,320)	–	(3,135)
Net cash (used in)/generated from investing activities	(676,768)	121,140	459,468
FINANCING ACTIVITIES			
Dividends paid	(101,653)	(1,050)	(24,855)
Interest paid	(35,243)	(75,747)	(61,564)
Proceeds from release of treasury shares and issue of shares under share incentive plans	91,601	–	169,626
New bank borrowings raised	3,190,979	2,403,460	3,234,672
Repayments of bank borrowings	(2,446,416)	(2,690,466)	(3,649,345)
Capital element of lease rental paid . . .	(61,704)	(62,008)	(53,430)
Interest element of lease rental paid . .	(2,450)	(10,042)	(15,509)
Acquisition of additional interests in subsidiaries	(4,680)	–	–
Capital contribution from non-controlling interests	–	3,000	1,817
Proceeds from partial disposal of interests in subsidiaries without losing control	–	5,000	1,059
Net cash generated from/(used in) financing activities	630,434	(427,853)	(397,529)
Net increase in cash and cash equivalents	1,000,059	262,903	29,782
Cash and cash equivalents at the beginning of the year	2,678,433	3,804,439	4,077,313
Effect of foreign exchange rate changes	125,947	9,971	34,887
Cash and cash equivalents at end of the year	3,804,439	4,077,313	4,141,982

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was a limited liability company incorporated in the People’s Republic of China (the “PRC”) on November 4, 2002 and changed to a joint stock limited company on January 17, 2008. The Company’s A shares are listed on Shenzhen Stock Exchange on February 5, 2010. The address of the Company’s registered office and its principal place of business is disclosed in the section headed “Corporate Information” in the Document.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of providing one-stop technology-driven marketing services to support customers’ full-lifecycle business needs including overseas marketing services, domestic integrated marketing services and domestic advertising services throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 44.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2 BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared on a historical cost basis, except for financial instruments which are measured at fair value.

The statutory financial statements of the Company for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Baker Tilly China Certified Public Accountants (Special General Partnership), a certified public accountant registered in the PRC.

3 ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity ³
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2025.

3 Effective for annual periods beginning on or after January 1, 2026.

4 Effective for annual periods beginning on or after January 1, 2027.

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The application of IFRS 18 “Presentation and Disclosure in Financial Statements”, has no impact on the Group’s financial positions and performance, but has impact on presentation of the consolidated statements of profit or loss and disclosure in the future financial statements. Except for IFRS 18, the directors of the Company anticipate that the application of the other amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s interests in existing subsidiaries

Changes in the Group’s interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest

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and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting” (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“IAS 37”) or IFRIC-Int 21 “Levies” (“IFRIC-Int 21”), in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 “Income Taxes” (“IAS 12”) and IAS 19 “Employee Benefits” respectively; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as of acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Investments in subsidiaries

Investment in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss, if any.

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Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGUs”) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate’s accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognized the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 “Investment in Associates and Joint Ventures” (“IAS 28”) (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

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When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of each lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognized in profit or loss in the period in which they arise.

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For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of “translation reserve” (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

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Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees (including directors of the Company) providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to retained earnings/accumulated losses. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings/accumulated losses.

When shares granted are vested, the amount previously recognized in the share-based payments reserve will transfer to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly to equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods, or for administrative purposes (other than freehold lands as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than freehold lands less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with infinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with infinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets and intangible assets with finite useful lives

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with infinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 “Revenue from contracts with customers” (“IFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

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- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if that equity instrument is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognized in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments/receivables. When these debt instruments/receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instruments, and is transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

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(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other income” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including debt instruments at amortised cost and at FVTOCI, trade and other receivables, contract assets, restricted bank deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “other gains and losses, net” line item (Note 8) as part of the net foreign exchange gains/(losses);

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- For debt instruments/receivables measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the receivables are recognized in profit or loss in the “other gains and losses, net” line item (Note 8) as part of the net foreign exchange gains/(losses). As the foreign currency element recognized in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the FVTOCI reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “other gains and losses, net” line item (Note 8);
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the FVTOCI reserve.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, lease liabilities and borrowings are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognized in the “other gains and losses, net” line item (Note 8) as part of the net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Gross versus net revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as a principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Group is considered as a principal if it controls the specified good or service before it is transferred to the customer by taking into consideration of the following indicators: (a) the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (b) the Group has inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) the Group has discretion in establishing price for the specified good or services.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As of December 31, 2022, 2023 and 2024, the carrying amounts of goodwill were RMB1,756,191,000, RMB1,756,191,000 and RMB1,756,191,000, respectively. Details of the recoverable amount calculation are disclosed in Notes 18 and 20.

Estimated impairment of other intangible assets

Other intangible assets are stated at costs less accumulated amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belong, including allocation of corporate assets when a reasonable and

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consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Detail of the carrying amounts of other intangible assets subject to impairment assessments and recoverable amount calculation are disclosed in Notes 19 and 20.

Provision of ECL for trade receivables

The trade receivables that are credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group’s historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The information about the ECL and the Group’s trade receivables are disclosed in Notes 27 and 39(b), respectively.

As of December 31, 2022, 2023 and 2024, the carrying amount of trade receivables were RMB7,317,149,000, RMB10,379,733,000 and RMB11,379,950,000 respectively, net of allowance of credit losses amounting to RMB563,146,000, RMB894,443,000 and RMB849,636,000 respectively.

Deferred tax asset

As of December 31, 2022, 2023 and 2024, a deferred tax asset of RMB107,453,000, RMB154,821,000 and RMB255,311,000 in relation to unused tax losses has been recognized in the consolidated statements of financial position as disclosed in Note 25, no deferred tax asset has been recognized on the tax losses of RMB66,669,000, RMB102,513,000 and RMB80,753,000 due to the unpredictability of future profit streams. The utilization of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

6 REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Type of goods or services			
Overseas marketing services	26,369,700	37,363,084	48,332,990
Domestic integrated marketing services.	6,519,536	11,282,094	8,133,348
Domestic advertising services.	3,793,349	3,970,756	4,330,578
	<u>36,682,585</u>	<u>52,615,934</u>	<u>60,796,916</u>
Timing of revenue recognition			
At a point in time	34,642,921	51,263,516	59,106,584
Over time	<u>2,039,664</u>	<u>1,352,418</u>	<u>1,690,332</u>
	<u>36,682,585</u>	<u>52,615,934</u>	<u>60,796,916</u>

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Performance obligations for contracts with customers

Information about the Group’s performance obligations and their corresponding revenue recognition policies are summarised as below:

Overseas marketing services and domestic advertising services

The Group provides one-stop digital marketing services, including customised advertising scheduling services and tailored media placement covering media channels, duration, and frequency.

Revenue from overseas marketing services and domestic advertising services are recognized at a point in time when the services are delivered to customers. Revenue is generally recognized on a gross basis as the Group is primarily responsible for fulfilling the contract, assumes inventory risk and has discretion in establishing the price when selling to the customer. To the extent the Group does not meet the criteria for recognizing revenue on a gross basis, the Group records the revenue on a net basis.

The Group requires certain customers to provide upfront deposits at a particular range of total contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognized on the specific contract exceeds the amount of the deposit.

Domestic integrated marketing services

The Group provides domestic integrated marketing services which comprise (i) public relation services, including media relationship management, event planning and coordination, as well as data analytics and crisis management, and (ii) other integrated marketing services. Revenue from public relation services is recognized over time when the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognize revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of services. Revenue from domestic integrated marketing services is recognize at a point in time when the services are rendered to customers and is generally recognized on a gross basis as the Group is primarily responsible for fulfilling the contract, assumes inventory risk and has discretion in establishing the price when selling to the customer. To the extent the Group does not meet the criteria for recognizing revenue on a gross basis, the Group records the revenue on a net basis.

The Group requires certain customers to provide upfront deposits at a particular range of total contract sum, when the Group receives a deposit before service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognized on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognized over the period in which the services are performed representing the Group’s right to consideration for the services performed because the rights are conditional and subject to the Group’s future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the existing contracts with customers of the Group are within one year or less.

Operating segment

Information reported to the executive directors, being the chief operating decision makers, for the purposes of resource allocation and assessment focuses on revenue analysis by types of goods or services delivered or provided. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, no further analysis is presented.

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Geographical information

(i) Revenue from external customers

Information about the Group’s revenue from external customers presented based on the location of the Group’s operations in providing relevant services to the customers domicile is shown in below table:

	Year ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Mainland China	10,578,991	15,690,022	12,665,175
Hong Kong	23,087,012	34,013,881	38,747,181
Singapore	3,012,642	2,907,516	9,367,172
Other countries.	3,940	4,515	17,388
	<u>36,682,585</u>	<u>52,615,934</u>	<u>60,796,916</u>

(ii) Non-current assets

Since most of the Group’s non-current assets were located in Mainland China, no geographical information for the Groups’s non-current assets is presented in accordance with IFRS 8 “Operating Segments”.

Information about major customers

No single customer accounted for 10% or more of the Group’s total revenue during the Track Record Period.

7 OTHER INCOME

	Year ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Interest income from bank deposits	25,742	77,036	105,630
Interest income from financial assets at amortised cost.	2,126	4,999	24,648
Dividend income from financial assets at FVTPL	111,240	127,047	44,891
Dividend income from financial assets at FVTOCI	2,223	117	–
Government grants (<i>Note</i>)	87,222	83,730	20,330
Others	2,165	1,446	16,460
	<u>230,718</u>	<u>294,375</u>	<u>211,959</u>

Note: The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group’s operating activities and research and development activities. Unconditional government grants are recognized in profit and loss when received while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.

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8 OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
(Loss)/gain on changes in fair value of financial assets at FVTPL	(212,592)	(47,950)	41,539
(Loss)/gain on disposal of property, plant and equipment	(177)	(384)	477
Loss on disposal of investments in associates . . .	(539)	(111)	(2,065)
Net foreign exchange gains/(losses)	1,152	(14,624)	2,980
Loss on settlement of contingent consideration payable	(57,434)	–	–
Others	(6,259)	(7,993)	(4,358)
	<u>(275,849)</u>	<u>(71,062)</u>	<u>38,573</u>

9 IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment losses recognized/(reversed) on:			
– trade receivables	267,436	406,818	195,565
– contract assets	12	476	(120)
– other receivables	75,814	8,298	(1,400)
	<u>343,262</u>	<u>415,592</u>	<u>194,045</u>

10 FINANCE COSTS

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	84,869	101,987	88,856
Interest on lease liabilities	2,450	10,042	15,509
	<u>87,319</u>	<u>112,029</u>	<u>104,365</u>

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11 LOSS BEFORE TAX

Loss for the year has been arrived at after charging/(crediting):

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Auditor’s remunerations			
– Audit service	4,000	4,500	4,500
– Non-audit services	1,315	867	171
Total auditor’s remuneration	5,315	5,367	4,671
Impairment losses recognized on non-financial assets:			
– Investments in associates	154,825	–	192,813
– Goodwill	1,281,562	–	–
– Other intangible assets	600,185	–	–
	2,036,572	–	192,813
Staff costs including directors’ and supervisors’ emoluments			
– Salaries, bonus and other benefits	762,691	684,513	523,542
– Retirement benefit scheme contributions	195,916	198,833	185,849
– Equity-settled share-based payments	12,050	76,350	172,194
Total staff costs	970,657	959,696	881,585
Depreciation of property, plant and equipment . .	27,879	20,761	15,902
Depreciation of right-of-use assets	71,170	69,212	79,695
Amortisation of other intangible assets	56,507	11,263	5,632
Total depreciation and amortisation	155,556	101,236	101,229
Cost of inventories recognized as an expense . .	8,044	3,968	377
Write down/(reversal of write-down) of inventories included in cost of inventories recognized as an expense disclosed above (Note)	1,774	(1,569)	(256)

Note: Reversal of write-down of inventories of RMB1,569,000 and RMB256,000 during the years ended December 31, 2023 and 2024 respectively arose due to an increase in the estimated net realizable value.

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12 INCOME TAX (CREDIT)/EXPENSE

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax (“EIT”).			
– Current Tax	31,862	49,505	32,694
– Under-provision in respect of prior years	195	2,065	764
Hong Kong Profits Tax			
– Current Tax	55,743	25,850	43,493
– Over-provision in respect of prior years	(4,057)	–	–
Overseas			
– Current Tax	2,789	7,029	10,192
Deferred tax (<i>Note 25</i>)	(182,780)	(199,169)	(66,898)
	(96,248)	(114,720)	20,245

PRC EIT

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Group operating in the PRC was 25% for the Track Record Period.

The preferential income tax rate applicable to certain subsidiaries of the Group within the scope of the China’s Western Development Programme was 15% for the Track Record Period.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15% for the Track Record Period.

Pursuant to the relevant Laws and regulations in the PRC, certain subsidiaries of the Group incorporated in Qianhai were entitled to a preferential tax rate of 15% for the Track Record Period.

Certain PRC subsidiaries of the Group were qualified as small and micro enterprise and benefit from a preferential tax rate of 20% under the EIT Law. For the years ended December 31, 2023 and 2024, the qualified group entities entitled 25% reduction on assessable profits on first RMB1,000,000 and for the years ended December 31, 2022, 2023 and 2024, the qualified group entities entitled 25% reduction between the assessable profits of RMB1,000,000 to RMB3,000,000.

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

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Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective/enacted but not effective. However, as the Group’s estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management’s best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

The income tax (credit)/expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before tax	(2,273,591)	(2,997)	(276,696)
Tax at PRC enterprise income tax of 25%	(568,398)	(749)	(69,174)
Effect of different tax rates of subsidiaries.	93,059	(100,684)	48,419
Income tax at concessionary rates	(5,147)	(6,753)	(2,558)
Tax effect of expenses not deductible for tax purposes	69,326	14,781	27,726
Tax effect of income not taxable for tax purposes	(28,366)	(31,791)	(11,223)
Tax effect of tax losses not recognized	7,177	13,334	4,673
Utilization of tax losses previously not recognized	(15,067)	(2,762)	(5,674)
Tax effect of deductible temporary differences not recognized.	347,824	3,192	25,861
(Over)/under-provision in respect of prior years	(3,862)	2,065	764
Others	7,206	(5,353)	1,431
Income tax (credit)/expense for the year	(96,248)	(114,720)	20,245

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In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognized in other comprehensive income/(expense):

	Year ended December 31,								
	2022			2023			2024		
	Before taxation	Taxation credited (Note 25)	Net of taxation	Before taxation	Taxation credited (Note 25)	Net of taxation	Before taxation	Taxation credited (Note 25)	Net of taxation
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Items that will not be reclassified to profit or loss:									
Share of other comprehensive income/(expense) of associates . . .	1,847	–	1,847	(220)	–	(220)	282	–	282
Fair value loss on investments in equity instruments at FVTOCI . . .	(14,920)	3,730	(11,190)	(120,795)	25,841	(94,954)	(63,403)	17,902	(45,501)
Items that may be reclassified subsequently to profit or loss:									
Share of other comprehensive (expense)/income of associates . . .	(29,450)	–	(29,450)	15,159	–	15,159	(15,521)	–	(15,521)
Exchange differences arising on translation of foreign operations . . .	236,861	–	236,861	48,653	–	48,653	49,885	–	49,885
	194,338	3,730	198,068	(57,203)	25,841	(31,362)	(28,757)	17,902	(10,855)

13 DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Executive directors, independent non-executive directors and supervisors

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period are as follows:

	Directors’ or supervisors’ fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2022						
<i>Executive directors:</i>						
Zheng Hong (i)	–	–	–	–	–	–
Ouyang Xu (i)	–	–	–	–	–	–
Xu Bowen (i)	–	–	–	–	–	–
Zhao Wenquan	–	1,322	660	139	–	2,121
Xiong Jian	–	1,003	–	139	263	1,405
Pan Anmin (Chief Executive Officer) (ii)	–	796	1,600	139	263	2,798
Chen Jianhong	–	515	240	139	131	1,025
<i>Non-executive directors:</i>						
Sun Taoran (iii)	–	–	–	–	–	–
Zhao Xinge	120	–	–	–	–	120
<i>Independent non-executive directors:</i>						
Wu Zhipan	120	–	–	–	–	120
Yan Mei	120	–	–	–	–	120
Zhao Guodong (ii)	120	–	–	–	–	120
<i>Supervisors:</i>						
Feng Xiao	120	–	–	–	–	120
Zhu Yunyang	120	–	–	–	–	120
Luo Lu	–	185	23	130	–	338
	<u>720</u>	<u>3,821</u>	<u>2,523</u>	<u>686</u>	<u>657</u>	<u>8,407</u>

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	Directors’ or supervisors’ fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended December 31, 2023						
<i>Executive directors:</i>						
Zhao Wenquan.	–	1,322	500	152	–	1,974
Xiong Jian.	–	1,003	–	152	–	1,155
Pan Anmin (Chief Executive Officer)	–	799	1,250	152	3,818	6,019
Chen Jianhong.	–	517	240	152	–	909
<i>Non-executive directors:</i>						
Sun Taoran (iii)	–	–	–	–	–	–
Xu Qing (iv).	70	–	–	–	–	70
Zhao Xinge	120	–	–	–	–	120
<i>Independent non-executive directors:</i>						
Wu Zhipan	120	–	–	–	–	120
Yan Mei	120	–	–	–	–	120
Zhao Guodong.	120	–	–	–	–	120
<i>Supervisors:</i>						
Feng Xiao	120	–	–	–	–	120
Zhu Yunyang	120	–	–	–	–	120
Luo Lu	–	289	23	138	–	450
	790	3,930	2,013	746	3,818	11,297

	Directors’ or supervisors’ fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended December 31, 2024						
<i>Executive directors:</i>						
Zhao Wenquan.	–	1,323	660	161	–	2,144
Xiong Jian.	–	1,003	–	161	–	1,164
Pan Anmin (Chief Executive Officer)	–	799	3,650	160	8,917	13,526
Chen Jianhong.	–	516	240	161	–	917
<i>Non-executive directors:</i>						
Xu Qing	20	–	–	–	–	20
Zhao Xinge	120	–	–	–	–	120
<i>Independent non-executive directors:</i>						
Wu Zhipan	120	–	–	–	–	120
Yan Mei	120	–	–	–	–	120
Zhao Guodong.	120	–	–	–	–	120
<i>Supervisors:</i>						
Feng Xiao	120	–	–	–	–	120
Zhu Yunyang	120	–	–	–	–	120
Luo Lu	–	288	23	130	–	441
	740	3,929	4,573	773	8,917	18,932

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Notes:

- (i) Resigned on January 4, 2022.
- (ii) Appointed on January 4, 2022.
- (iii) Appointed on January 4, 2022 and resigned on May 24, 2023.
- (iv) Appointed on May 24, 2023.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The independent non-executive directors’ and supervisors’ emoluments shown above were for their services as directors and supervisors of the Company and the Group, respectively. The discretionary bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

Five highest paid individuals

The five highest paid individuals of the Group included two, one and one directors of the Company during the years ended December 31, 2022, 2023 and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining three, four and four highest paid individuals during the years ended December 31, 2022, 2023 and 2024, respectively, are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Salaries and other benefits	3,644	3,240	2,854
Discretionary bonus	1,049	1,458	790
Retirement benefit scheme contributions	417	621	641
Equity-settled share-based payments	591	16,129	38,790
	<u>5,701</u>	<u>21,448</u>	<u>43,075</u>

The number of the highest paid individuals’ remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2022	2023	2024
HKD2,000,001 to HKD2,500,000	3	—	—
HKD3,500,001 to HKD4,000,000	—	2	—
HKD5,500,001 to HKD6,000,000	—	—	1
HKD6,000,001 to HKD6,500,000	—	—	1
HKD7,500,001 to HKD8,000,000	—	1	—
HKD8,500,001 to HKD9,000,000	—	1	—
HKD16,000,001 to HKD16,500,000	—	—	1
HKD18,000,001 to HKD18,500,000	—	—	1
	<u>3</u>	<u>4</u>	<u>4</u>

During the Track Record Period, no emoluments were paid by the Group to any of the executive directors, independent non-executive directors and supervisors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

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14 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,		
	2022	2023	2024
(Loss)/earnings (RMB’000)			
(Loss)/earnings attributable to owners of the Company	(2,175,157)	116,588	(290,675)
Number of shares (’000)			
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	3,467,008	3,482,555	3,499,976

The calculation of weighted average number of ordinary shares for the years ended December 31, 2022, 2023 and 2024 has taken into consideration the impact of share dividends declared subsequent to December 31, 2024 (see Note 15).

The diluted earnings/loss per share for the years ended December 31, 2022, 2023 and 2024 equals to the basic earnings/loss per share for the respective years as the potential outstanding ordinary shares were anti-dilutive.

15 DIVIDENDS

Dividend for ordinary shareholders of the Company recognized as distribution:

	Year ended December 31,		
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
2021 Final – RMB0.04 per share.	105,000	–	–
2023 Final – RMB0.01 per share.	–	–	24,875
	105,000	–	24,875

Subsequent to December 31, 2024 in the Company’s annual general meeting, the Company’s shareholders have resolved to distribute shares dividends in respect of the year ended December 31, 2024 on the basis of 4 shares for every 10 shares held by the shareholders. The share dividends was also approved by the Annual General meeting of the Company.

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16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structures	Leasehold improvement	Machinery	Transportation vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2022	–	140,975	–	18,850	55,226	215,051
Additions	63,599	1,550	10	1,301	32,261	98,721
Disposals	–	(16,046)	–	(658)	(2,308)	(19,012)
Exchange realignment . . .	–	–	–	–	33	33
At December 31, 2022. . .	63,599	126,479	10	19,493	85,212	294,793
Additions	–	5,285	–	–	7,827	13,112
Disposals	–	(122,422)	–	(316)	(3,680)	(126,418)
Exchange realignment . . .	1,078	–	–	11	7	1,096
At December 31, 2023. . .	64,677	9,342	10	19,188	89,366	182,583
Additions	–	3,757	276	4,830	5,094	13,957
Disposals	–	(1,451)	(10)	(6,347)	(12,805)	(20,613)
Exchange realignment . . .	965	–	–	10	–	975
At December 31, 2024. . .	65,642	11,648	276	17,681	81,655	176,902
Depreciation						
At January 1, 2022	–	116,043	–	14,496	43,676	174,215
Provided for the year . . .	763	17,039	–	2,073	8,004	27,879
Eliminated on disposals . .	–	(16,046)	–	(440)	(2,188)	(18,674)
Exchange realignment . . .	–	–	–	–	32	32
At December 31, 2022. . .	763	117,036	–	16,129	49,524	183,452
Provided for the year . . .	1,549	7,017	2	1,350	10,843	20,761
Eliminated on disposals . .	–	(122,358)	–	(303)	(2,735)	(125,396)
Exchange realignment . . .	16	–	–	1	6	23
At December 31, 2023. . .	2,328	1,695	2	17,177	57,638	78,840
Provided for the year . . .	1,559	2,663	1	796	10,883	15,902
Eliminated on disposals . .	–	(1,451)	(3)	(6,026)	(10,351)	(17,831)
Exchange realignment . . .	51	–	–	5	–	56
At December 31, 2024. . .	3,938	2,907	–	11,952	58,170	76,967
Carrying amount						
At December 31, 2022. . .	62,836	9,443	10	3,364	35,688	111,341
At December 31, 2023. . .	62,349	7,647	8	2,011	31,728	103,743
At December 31, 2024. . .	61,704	8,741	276	5,729	23,485	99,935

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The Company

	Leasehold improvement	Transportation vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At January 1, 2022	121,187	10,930	22,008	154,125
Additions	–	–	27,600	27,600
Disposals	–	–	(275)	(275)
At December 31, 2022	121,187	10,930	49,333	181,450
Additions	167	–	5,678	5,845
Disposals	(120,138)	(316)	(867)	(121,321)
At December 31, 2023	1,216	10,614	54,144	65,974
Additions	3,440	1,813	1,890	7,143
Disposals	–	(3,249)	(711)	(3,960)
At December 31, 2024	4,656	9,178	55,323	69,157
Depreciation				
At January 1, 2022	101,010	8,366	16,158	125,534
Provided for the year	13,698	1,217	5,424	20,339
Eliminated on disposals	–	–	(264)	(264)
At December 31, 2022	114,708	9,583	21,318	145,609
Provided for the year	5,769	910	7,864	14,543
Eliminated on disposals	(120,138)	(303)	(175)	(120,616)
At December 31, 2023	339	10,190	29,007	39,536
Provided for the year	761	184	8,235	9,180
Eliminated on disposals	–	(3,119)	(196)	(3,315)
At December 31, 2024	1,100	7,255	37,046	45,401
Carrying amount				
At December 31, 2022	6,479	1,347	28,015	35,841
At December 31, 2023	877	424	25,137	26,438
At December 31, 2024	3,556	1,923	18,277	23,756

The above items are depreciated after taking into account the estimated residual value on a straight-line basis over the following estimated useful lives:

Buildings and structures	40 years
Leasehold improvements	Shorter of their useful lives of 3 to 7 years and the unexpired lease term
Machinery	3 years
Transportation vehicles	4 years
Office equipment	3-5 years

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17 RIGHT-OF-USE ASSETS

The Group

	Buildings and structures	Machinery and equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2022			
Carrying amount	57,927	1,573	59,500
At December 31, 2023			
Carrying amount	236,135	1,217	237,352
At December 31, 2024			
Carrying amount	180,605	861	181,466
For the year ended December 31, 2022			
Depreciation charge	70,810	360	71,170
For the year ended December 31, 2023			
Depreciation charge	68,856	356	69,212
For the year ended December 31, 2024			
Depreciation charge	79,339	356	79,695
	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total cash outflow for leases	64,154	72,050	68,939
Additions to right-of-use assets	36,893	241,823	11,066

For the Track Record Period, the Group leases various offices and machinery for its operations. Lease contracts are entered into for a fixed term of more than 1 year but less than 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group’s lease agreements do not contain any variable lease payments nor any extension or purchase option for lessee.

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Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased properties that are held by the lessor.

The Company

	Buildings and structures	Machinery and equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2022			
Carrying amount	10,438	1,573	12,011
At December 31, 2023			
Carrying amount	40,859	1,217	42,076
At December 31, 2024			
Carrying amount	68,666	861	69,527
For the year ended December 31, 2022			
Depreciation charge	31,313	360	31,673
For the year ended December 31, 2023			
Depreciation charge	16,724	356	17,080
For the year ended December 31, 2024			
Depreciation charge	19,389	356	19,745

18 GOODWILL

The Group

RMB'000

Cost

At January 1, 2022, December 31, 2022, December 31, 2023 and December 31, 2024	3,276,069

Impairment

At January 1, 2022	238,316
Provided for the year	1,281,562

At December 31, 2022, December 31, 2023 and December 31, 2024	1,519,878

Carrying amount

At December 31, 2022, December 31, 2023 and December 31, 2024	1,756,191

As of December 31, 2022, 2023 and 2024, the goodwill was tested for impairment (Note 20).

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19 OTHER INTANGIBLE ASSETS

The Group

	Software	Trademark	Customer relationship	Precise advertising placement platform	Brands	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At January 1, 2022.	176,981	4,057	53,757	228,000	1,210,106	1,672,901
Additions	9,615	–	–	–	–	9,615
Disposals	(1,415)	–	–	–	–	(1,415)
At December 31, 2022.	185,181	4,057	53,757	228,000	1,210,106	1,681,101
Additions	402	–	–	–	–	402
Disposals	(339)	–	–	–	–	(339)
At December 31, 2023.	185,244	4,057	53,757	228,000	1,210,106	1,681,164
Additions	5,059	–	–	–	–	5,059
At December 31, 2024.	190,303	4,057	53,757	228,000	1,210,106	1,686,223
Amortisation and impairment						
At January 1, 2022.	144,667	4,057	48,213	197,227	612,106	1,006,270
Charge for the year	22,375	–	3,359	30,773	–	56,507
Impairment loss recognized . .	–	–	2,185	–	598,000	600,185
Eliminated on disposals	(708)	–	–	–	–	(708)
At December 31, 2022.	166,334	4,057	53,757	228,000	1,210,106	1,662,254
Charge for the year	11,263	–	–	–	–	11,263
Eliminated on disposals	(339)	–	–	–	–	(339)
At December 31, 2023.	177,258	4,057	53,757	228,000	1,210,106	1,673,178
Charge for the year	5,632	–	–	–	–	5,632
At December 31, 2024.	182,890	4,057	53,757	228,000	1,210,106	1,678,810
Carrying amount						
At December 31, 2022.	18,847	–	–	–	–	18,847
At December 31, 2023.	7,986	–	–	–	–	7,986
At December 31, 2024.	7,413	–	–	–	–	7,413

As of December 31, 2022, brands with infinite useful lives with cost of RMB1,210,106,000 were tested for impairment (Note 20).

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The Company

	Software
	<i>RMB'000</i>
Cost	
At January 1, 2022	129,754
Additions	7,892
At December 31, 2022	137,646
Additions	402
Disposals	(339)
At December 31, 2023 and December 31, 2024.	137,709
Amortisation and impairment	
At January 1, 2022	113,937
Charge for the year	14,528
At December 31, 2022	128,465
Charge for the year	5,409
Eliminated on disposals	(339)
At December 31, 2023	133,535
Charge for the year	2,632
At December 31, 2024	136,167
Carrying amount	
At December 31, 2022	9,181
At December 31, 2023	4,174
At December 31, 2024	1,542

The above items (other than brands, which have finite useful lives), are amortised on a straight-line basis over the following periods:

Software.	2-5 years
Trademark.	10 years
Customer relationship	5-10 years
Precise advertising placement platform	8 years

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20 IMPAIRMENT TESTING OF GOODWILL AND BRANDS WITH INFINITE USEFUL LIVES

Goodwill and brands with infinite useful lives acquired through business combinations have been allocated to the following CGUs for impairment testing:

	Goodwill			Brands		
	As of December 31,			As of December 31,		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Integrated Marketing CGU	409,906	409,906	409,906	–	–	–
Digital Advertising CGU	–	–	–	–	–	–
Mobile Media CGU	1,047,855	1,047,855	1,047,855	–	–	–
Madhouse Inc. CGU	298,430	298,430	298,430	–	–	–
Beijing JieBao Data Technology Co., Ltd.* 北京捷報數據技術有限公司 (“JieBao Data CGU”)	–	–	–	–	–	–
	<u>1,756,191</u>	<u>1,756,191</u>	<u>1,756,191</u>	<u>–</u>	<u>–</u>	<u>–</u>

* The English names of these associates registered in the PRC represent the translated names for identification purpose only.

In addition to goodwill and brands above, property, plant and equipment, right-of-use assets and other intangible assets and that generate cash flows together with the related goodwill and brands are also included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of each CGU is determined based on value in use calculation using on cash flow forecasts derived from the most recent financial budgets covering a five-year period approved by the management of the Group. The Group engaged an independent qualified professional valuer to assist with the calculation.

The key assumptions adopted by management in the value in use calculation are set out as below:

	2022	2023	2024
Integrated marketing CGU			
Average revenue growth rate	3.82%	1.37%	1.64%
Pre-tax discount rate	12.59%	12.22%	12.13%
Long-term revenue growth rate	2.10%	1.50%	1.10%
Digital advertising CGU			
Average revenue growth rate	-9.74%	N/A	N/A
Pre-tax discount rate	13.41%	N/A	N/A
Long-term revenue growth rate	2.10%	N/A	N/A
Mobile media CGU			
Average revenue growth rate	4.40%	6.39%	3.40%
Pre-tax discount rate	12.14%	11.37%	11.40%
Long-term revenue growth rate	2.10%	1.50%	1.10%

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	2022	2023	2024
Madhouse Inc. CGU			
Average revenue growth rate	5.50%	6.91%	2.83%
Pre-tax discount rate	12.38%	11.58%	11.50%
Long-term revenue growth rate	2.10%	1.50%	1.10%
JieBao Data CGU			
Average revenue growth rate	10.19%	N/A	N/A
Pre-tax discount rate	16.30%	N/A	N/A
Long-term revenue growth rate	2.10%	N/A	N/A

The following describes the values assigned to each of the key assumptions:

- Average revenue growth rate over the five-year forecast period is based on past performance and management’s expectation of market development;
- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs; and
- Long-term revenue growth rate beyond five-year forecast period is determined after making reference to long term inflation rate of the countries in which they operate.

Based on the above assessments, the management of the Group has consequently determined that an aggregate impairment loss recognized in respect of goodwill and other intangible assets amounted to RMB1,281,562,000 and RMB600,185,000 respectively (Note 11) during the year ended December 31, 2022, which are related to the following CGUs:

- an impairment of goodwill, brands and customer relationship amounting to RMB786,622,000, RMB590,000,000 and RMB1,861,000 respectively for Digital Advertising CGU;
- an impairment of goodwill amounting to RMB400,417,000 for Mobile Media CGU;
- an impairment of goodwill amounting to RMB86,432,000 for Madhouse Inc. CGU; and
- an impairment of goodwill, brands and customer relationship amounting to RMB8,091,000, RMB8,000,000 and RMB324,000 respectively for JieBao Data CGU.

As the carrying amount of the above CGUs have been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Apart from the above, the recoverable amount is significantly above the carrying amount of each CGU. Management believes that any reasonably possible change in any of the key assumptions would not result in impairment.

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21 INVESTMENTS IN ASSOCIATES

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments in associates under equity method . .	2,056,114	1,983,952	1,929,367
Accumulated impairment losses	(175,700)	(176,181)	(352,021)
Total	1,880,414	1,807,771	1,577,346

Details of each of the Group’s principal associates during the Track Record Period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest and voting rights held by the Group			Principal activities
			As of December 31,			
			2022	2023	2024	
Newport Blue Impact, LP (Note)	United States of America (“USA”)	USA	50.00%	50.00%	50.00%	Investment holding
Plus Company International Holding Limited.	Canada	Canada	29.49%	29.49%	29.34%	Advertising

Note: BlueFocus Communication Group of America, Inc., a direct subsidiary of the Company, entered into a framework agreement with Newport Private Group, an independent third party, to incorporate Newport Blue Impact, LP, over which the Group has significant influence. During the year ended December 31, 2022, The Group had made a cash contribution of USD75,000,000 (equivalent to approximately RMB400,465,000) to Newport Blue Impact, LP.

Summarised financial information of material associates

Newport Blue Impact, LP

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	299,050	332,888	367,835
Non-current assets	542,079	580,260	762,792
Current liabilities	—	(36)	—
Non-current liabilities	—	—	—
	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	28,854	42,041	43,839
Profit for the year	42,522	64,682	67,236
Other comprehensive income for the year	444	14,258	14,217
Total comprehensive income for the year	42,966	78,940	81,453

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Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognized in the Historical Financial Information:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net assets of Newport Blue Impact, LP.	841,129	913,112	1,130,627
Proportion of the Group’s ownership interest in Newport Blue Impact, LP.	50.00%	50.00%	50.00%
Carrying amount of the Group’s interest in Newport Blue Impact, LP.	420,565	456,556	565,314

Plus Company International Holding Limited

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	1,846,239	2,065,988	1,808,752
Non-current assets.	3,403,941	3,525,690	3,123,885
Current liabilities	(1,671,880)	(2,415,711)	(3,386,757)
Non-current liabilities	(1,943,360)	(1,687,191)	(408,811)

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	3,618,346	3,986,589	3,943,926
Loss for the year	(89,715)	(215,598)	(322,912)
Other comprehensive income/(expense) for the year	84,516	118,835	(14,243)
Total comprehensive expense for the year	(5,199)	(96,763)	(337,155)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognized in the Historical Financial Information:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net assets of Plus Company International Holding Limited	1,634,940	1,488,776	1,137,069
Less: non-controlling interests of Plus Company International Holding Limited’s subsidiaries	(23,624)	(28,352)	(30,694)
	1,611,316	1,460,424	1,106,375
Proportion of the Group’s ownership interest in Plus Company International Holding Limited	29.49%	29.49%	29.34%
Carrying amount of the Group’s interest in Plus Company International Holding Limited	475,098	430,608	324,574

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Aggregate information of associates that are not individually material

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group’s share of results	(8,810)	(15,372)	(22,700)
The Group’s share of other comprehensive income/(expense)	7,974	(13,167)	4,002
The Group’s share of total comprehensive expense.	(836)	(28,539)	(18,698)

Aggregate carrying amount of the Group’s interests in these associates	984,751	920,607	687,458

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The unrecognized share of losses of associates for the year	166	74	2,262
Cumulative unrecognized share of losses of associates	166	240	2,502

The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments in associates under equity method	118,328	384,340	367,911

All of these associates are accounted for using the equity method in these Historical Financial Information.

Aggregate information of associates that are not individually material

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Company’s share of results and total comprehensive expenses	(3,546)	(2,638)	(11,955)
Aggregate carrying amount of the Company’s interests in these associates	118,328	384,340	367,911

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22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity instruments	8,843	5,152	4,024
Unlisted equity instruments	580,689	600,261	709,379
	<u>589,532</u>	<u>605,413</u>	<u>713,403</u>
Current			
Listed equity instruments	3,381	8,043	4,037
Unlisted equity instruments	20	–	–
Listed debt instruments	1,203,669	1,258,325	255,233
Currency forwards	–	2,601	10,484
	<u>1,207,070</u>	<u>1,268,969</u>	<u>269,754</u>
	<u>1,796,602</u>	<u>1,874,382</u>	<u>983,157</u>

The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity instruments	8,843	5,152	4,024
Unlisted equity instruments	104,042	71,783	69,391
	<u>112,885</u>	<u>76,935</u>	<u>73,415</u>

As of December 31, 2022, 2023 and 2024, certain of the Group’s listed debt instruments at FVTPL are pledged as securities for the borrowings, details of which are set out in Note 43.

23 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity instruments	–	37,501	6,923
Unlisted equity instruments	332,838	170,184	129,153
	<u>332,838</u>	<u>207,685</u>	<u>136,076</u>

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The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Listed equity instruments	–	37,501	6,923
Unlisted equity instruments	266,163	107,662	66,916
	<u>266,163</u>	<u>145,163</u>	<u>73,839</u>

The above investments represent ordinary shares of an entity listed in the NASDAQ Stock Market and the Group’s equity interest in private entities established in the PRC. These investments are not held for trading but for long-term strategic purposes. The directors of the Company have elected to designate the investments in equity instruments at FVTOCI as they believed that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s and the Company’s strategy of holding these investments for long-term purposes and realizing its performance potential in the long run.

24 DEBT INSTRUMENTS AT AMORTISED COST

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Unlisted debt instruments	36,927	42,559	621,080
	<u>36,927</u>	<u>42,559</u>	<u>621,080</u>
Current			
Unlisted debt instruments	–	–	45,862
	<u>–</u>	<u>–</u>	<u>45,862</u>

The Group mainly invested in government bonds issued by USA local governments. These bonds are held by the Group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence, the investments in government bonds are classified as at amortised cost.

Details of impairment assessment are set out in Note 39(b).

As of December 31, 2024, certain of the Group’s unlisted debt instruments at amortised cost are pledged as securities for the borrowings, details of which are set out in Note 43 for the details.

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25 DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset.

The Group

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deferred tax assets	271,988	430,466	522,900
Deferred tax liabilities	(66,952)	(420)	(8,054)
	<u>205,036</u>	<u>430,046</u>	<u>514,846</u>

The followings are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	ECL provision	Tax losses	Fair value adjustments of financial assets	Distributable profits of associates	Right-of-use assets	Lease liabilities	Share-based payments	Business combinations	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022 . . .	79,982	78,627	35,343	(94,743)	(20,542)	21,427	8,795	(90,531)	–	18,358
Credit/(charge) to profit or loss	69,443	28,842	(7,494)	7,963	7,345	(5,055)	(8,795)	90,531	–	182,780
Credit to other comprehensive income .	–	–	3,730	–	–	–	–	–	–	3,730
Exchange realignment . .	184	(16)	–	–	–	–	–	–	–	168
At December 31, 2022 . .	149,609	107,453	31,579	(86,780)	(13,197)	16,372	–	–	–	205,036
Credit/(charge) to profit or loss	79,339	47,368	55,217	4,327	(42,604)	41,289	13,187	–	1,046	199,169
Credit to other comprehensive income .	–	–	25,841	–	–	–	–	–	–	25,841
At December 31, 2023 . .	228,948	154,821	112,637	(82,453)	(55,801)	57,661	13,187	–	1,046	430,046
(Charge)/credit to profit or loss	(37,603)	100,490	(9,760)	4,118	14,351	(12,234)	8,582	–	(1,046)	66,898
Credit to other comprehensive income .	–	–	17,902	–	–	–	–	–	–	17,902
At December 31, 2024 . .	191,345	255,311	120,779	(78,335)	(41,450)	45,427	21,769	–	–	514,846

Deferred tax assets have not been recognized in respect of the following items:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Tax losses	66,669	102,513	80,753
Deductible temporary differences	1,511,012	1,523,781	1,627,226

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No deferred tax asset has been recognized in relation to such deductible temporary difference and tax losses due to the unpredictability of future profit streams.

Unrecognized tax losses with expiry dates are disclosed in the following table.

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
2023	6,443	–	–
2024	17,984	17,756	–
2025	1,939	1,939	1,834
2026	9,204	1,933	933
2027	31,099	27,968	25,847
2028	–	52,917	34,708
2029	–	–	17,431
	<u>66,669</u>	<u>102,513</u>	<u>80,753</u>

The Company

The followings are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	ECL provision	Tax losses	Fair value adjustments of financial assets	Distributable profits of associates	Right-of-use assets	Lease liabilities	Share- based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022.	3,293	15,614	15,410	(52,173)	(10,438)	12,711	–	(15,583)
Credit/(charge) to profit or loss	36,832	36,024	6,210	–	7,435	(7,100)	–	79,401
Credit to other comprehensive income	–	–	3,403	–	–	–	–	3,403
At December 31, 2022	40,125	51,638	25,023	(52,173)	(3,003)	5,611	–	67,221
Credit/(charge) to profit or loss	5,467	(12,355)	3,943	(30,549)	(7,516)	5,167	5,876	(29,967)
Credit to other comprehensive income	–	–	29,161	–	–	–	–	29,161
At December 31, 2023	45,592	39,283	58,127	(82,722)	(10,519)	10,778	5,876	66,415
(Charge)/credit to profit or loss	(27,703)	51,382	880	4,273	(6,863)	8,543	2,561	33,073
Credit to other comprehensive income	–	–	14,127	3,705	–	–	–	17,832
At December 31, 2024	<u>17,889</u>	<u>90,665</u>	<u>73,134</u>	<u>(74,744)</u>	<u>(17,382)</u>	<u>19,321</u>	<u>8,437</u>	<u>117,320</u>

Deferred tax assets have not been recognized in respect of the following items:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	<u>2,161,327</u>	<u>2,161,327</u>	<u>2,161,327</u>

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No deferred tax asset has been recognized in relation to such deductible temporary difference due to the unpredictability of future profit streams.

26 INVENTORIES

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	5,545	—	—
Digital currency	4,429	6,091	6,443
Digital resources	—	—	6,543
	<u>9,974</u>	<u>6,091</u>	<u>12,986</u>

27 TRADE AND OTHER RECEIVABLES

The Group

Details of trade and other receivables are as follows:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Deposits	25,387	25,726	22,640
Prepayments	<u>539</u>	<u>475</u>	<u>411</u>
	<u>25,926</u>	<u>26,201</u>	<u>23,051</u>
Current			
Trade receivables	7,880,295	11,274,176	12,229,586
Less: allowance for credit losses	<u>(563,146)</u>	<u>(894,443)</u>	<u>(849,636)</u>
	7,317,149	10,379,733	11,379,950
Bills receivables at FVTOCI	13,856	39,959	31,159
Other tax recoverable	170,482	97,251	159,307
Dividend receivables	11,023	6,501	15,002
Other receivables	179,084	209,057	64,233
Deposits	111,381	132,734	132,823
Prepayments	139,659	116,185	202,941
Less: allowance for credit losses	<u>(167,007)</u>	<u>(174,769)</u>	<u>(49,351)</u>
	<u>7,775,627</u>	<u>10,806,651</u>	<u>11,936,064</u>

As of January 1, 2022, trade receivables from contracts with customers amounted to RMB7,163,392,000 (net of ECL allowance of RMB336,981,000).

The Group normally grants a credit period of 40 to 60 days to overseas marketing services and domestic advertising service customers and 30 to 180 days to domestic integrated marketing services customers from the date when the revenue were recognized.

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The following is an aging analysis of trade receivables net of allowance for credit losses presented based on date of revenue recognition at the end of each reporting period:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 6 months	6,282,902	9,524,947	10,520,776
6 months to 1 year	777,043	518,631	567,454
1 to 2 years	222,094	331,604	253,988
2 to 3 years	22,721	4,551	37,732
Over 3 years	12,389	–	–
	<u>7,317,149</u>	<u>10,379,733</u>	<u>11,379,950</u>

All bills receivables received by the Group are with a maturity period of 6 months.

At December 31, 2022, 2023 and 2024, the Group endorsed certain bills receivables accepted by banks in the PRC (the “Derecognized Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of nil, nil and RMB189,653,000, respectively. The Derecognized Bills had a maturity of one to six months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

The Company

Details of trade and other receivables are as follows:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Other receivables	<u>271,236</u>	<u>6,249</u>	<u>–</u>
Current			
Trade receivables	484,186	328,217	367,552
Less: allowance for credit losses	<u>(57,491)</u>	<u>(79,115)</u>	<u>(8,107)</u>
	426,695	249,102	359,445
Bills receivables at FVTOCI	11,356	4,682	6,571
Other tax recoverable	1,030	187	405
Dividend receivables	–	173,501	172,070
Other receivables	144,466	104,509	503,905
Deposits	8,079	16,498	18,596
Prepayments	1,182	2,411	3,282
Less: allowance for credit losses	<u>(102,991)</u>	<u>(103,225)</u>	<u>–</u>
	<u>489,817</u>	<u>447,665</u>	<u>1,064,274</u>

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As of January 1, 2022, trade receivables from contracts with customers amounted to RMB417,582,000 (net of ECL allowance for credit losses of RMB11,449,000).

The Company normally grants a credit period of 30 to 180 days from the date when the revenue were recognized.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on date of revenue recognition at the end of each reporting period:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 6 months	279,699	167,792	221,836
6 months to 1 year	75,625	29,715	91,523
1 to 2 years	71,343	47,245	37,623
2 to 3 years	28	4,350	7,602
Over 3 years	–	–	861
	<u>426,695</u>	<u>249,102</u>	<u>359,445</u>

All bills receivable received by the Company are with a maturity period of less than 180 days.

Details of impairment assessment of trade and other receivables of the Group and the Company are set out in Note 39(b).

28 CONTRACT ASSETS

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Overseas marketing services	3,187	57	135
Domestic advertising services	16,227	14,654	34,153
Domestic integrated marketing services	<u>116,874</u>	<u>111,986</u>	<u>86,821</u>
	136,288	126,697	121,109
Less: allowance for credit losses	<u>(99)</u>	<u>(575)</u>	<u>(459)</u>
	<u>136,189</u>	<u>126,122</u>	<u>120,650</u>

As of January 1, 2022, the Group’s contract assets amounted to RMB146,109,000 (net of allowance of credit losses RMB88,000).

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The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Domestic integrated marketing services	17,163	3,124	6,753
Less: allowance for credit losses	(18)	(31)	(42)
	<u>17,145</u>	<u>3,093</u>	<u>6,711</u>

As of January 1, 2022, the Company’s contract assets amounted to RMB16,862,000 (net of allowance of credit losses RMB18,000).

The contract assets primarily relate to the Group’s and the Company’s right to consideration for work completed and not billed because the rights are conditional and subject to the Group’s and the Company’s future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in Note 39(b).

29 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group

Restricted bank deposits carry fixed interest rate ranging from 1.80% to 1.90%, 1.05% to 1.90% and 0.65% to 1.35% per annum as of December 31, 2022, 2023 and 2024 respectively and represent deposits pledged to banks to secure banking facilities granted to the Group. The restricted bank deposits will be released upon the settlement of relevant bank borrowings.

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates ranging from 1.80% to 1.90%, 1.05% to 1.90% and 0.65% to 1.35% per annum as of December 31, 2022, 2023 and 2024 respectively.

The Company

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Company’s short term cash commitments, which carry interest at market rates ranging from 1.80% to 1.90%, 1.05% to 1.90% and 0.65% to 1.35% per annum as of December 31, 2022, 2023 and 2024 respectively.

Details of impairment assessment of bank balances and restricted bank deposits of the Group and the Company are set out in Note 39(b).

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30 TRADE AND OTHER PAYABLES

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current			
Other payables	17,529	17,895	–
Current			
Trade payables	6,927,998	10,701,416	11,196,187
Other tax payables	155,677	59,797	88,304
Other payables	44,166	66,752	42,348
Payroll payables	212,458	204,575	172,178
Dividend payables	14,387	13,337	13,356
	7,354,686	11,045,877	11,512,373

The following is an aged analysis of trade payables, presented based the invoice dates at the end of each reporting period:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	6,763,225	10,538,131	11,060,191
Over 1 year	164,773	163,285	135,996
	6,927,998	10,701,416	11,196,187

The average credit period on purchases of goods and services of the Group is 30 to 50 days from overseas marketing services and domestic advertising services suppliers and 30 to 300 days from domestic integrated marketing services suppliers.

The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Trade payables	284,935	160,188	269,660
Other tax payables	17,002	13,347	6,452
Other payables	218,237	251,488	200,342
Payroll payables	21,400	28,359	28,482
Dividend payables	14,387	13,337	13,356
	555,961	466,719	518,292

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The following is an aged analysis of trade payables, presented based on the invoice dates at the end of each reporting period:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	249,229	103,618	220,262
Over 1 year.	35,706	56,570	49,398
	<u>284,935</u>	<u>160,188</u>	<u>269,660</u>

The average credit period on purchases of goods and services of the Company is within 180 to 300 days.

31 CONTRACT LIABILITIES

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Overseas marketing services	385,355	164,009	818,008
Domestic advertising services.	233,880	153,908	142,891
Domestic integrated marketing services.	73,243	108,934	84,952
	<u>692,478</u>	<u>426,851</u>	<u>1,045,851</u>

As of January 1, 2022, the Group’s contract liabilities amounted to RMB418,969,000.

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing overseas marketing services and domestic advertising services and domestic integrated marketing services.

The contract liabilities of the Group as of January 1, 2022, 2023 and 2024, amounted of RMB387,743,000, RMB671,191,000 and RMB410,047,000 were recognized as revenue during the years ended December 31, 2022, 2023 and 2024 respectively.

The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Domestic integrated marketing services.	5,635	72	3,493

As of January 1, 2022, the Company’s contract liabilities amounted to RMB5,002,000.

The Company receives payments of the contract from customers based on billing schedule as set out in the contracts for providing domestic integrated marketing services.

The contract liabilities of the Company as of January 1, 2022, 2023 and 2024, amounted of RMB5,002,000, RMB5,635,000 and RMB72,000 were recognized as revenue during the years ended December 31, 2022, 2023 and 2024 respectively.

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32 BORROWINGS

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings			
Secured	735,684	750,872	483,677
Unsecured	1,679,794	1,439,728	1,328,389
	<u>2,415,478</u>	<u>2,190,600</u>	<u>1,812,066</u>
Fixed-rate borrowings	1,579,794	1,264,728	1,228,389
Variable-rate borrowings	835,684	925,872	583,677
	<u>2,415,478</u>	<u>2,190,600</u>	<u>1,812,066</u>
The carrying amounts of the above borrowings are repayable (based on scheduled payment terms):			
Within one year	1,679,794	1,439,728	1,328,389
Over one year but within two years	—	—	483,677
Over two years but within five years	735,684	750,872	—
	<u>2,415,478</u>	<u>2,190,600</u>	<u>1,812,066</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>1,679,794</u>	<u>1,439,728</u>	<u>1,328,389</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>735,684</u>	<u>750,872</u>	<u>483,677</u>

Notes: As of December 31, 2022, 2023 and 2024, the Group’s borrowings of RMB735,684,000, RMB750,872,000 and RMB483,677,000 were secured by debt instruments at FVTPL, debt instruments at amortised cost and restricted bank deposits as disclosed in Notes 22, 24 and 29 respectively.

As of December 31, 2022, 2023 and 2024, the Group’s borrowings of RMB1,679,794,000, RMB1,439,728,000 and RMB1,320,389,000 was guaranteed by certain directors of the Company respectively.

The ranges of effective interest rates per annum on the Group’s borrowings are as follows:

	As of December 31,		
	2022	2023	2024
Effective interest rate per annum:			
Fixed-rate borrowings	1.75%-6.00%	3.10%-6.00%	2.90%-6.39%
Variable-rate borrowings	<u>1.16%-5.17%</u>	<u>2.70%-5.00%</u>	<u>2.70%-4.55%</u>

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The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Secured fixed-rate bank borrowing (amount due for settlement within 12 months shown under current liabilities).	1,100,584	780,345	750,260

Note: As of December 31, 2022, 2023 and 2024, the Company’s borrowings of RMB1,100,584,000, RMB780,345,000 and RMB750,260,000 was guaranteed by certain directors of the Company respectively.

The ranges of effective interest rates per annum on the Company’s borrowings are as follows:

	As of December 31,		
	2022	2023	2024
Effective interest rate per annum:			
Fixed-rate borrowings	3.50%-4.80%	3.10%-4.55%	2.90%-4.55%

33 LEASE LIABILITIES

The Group

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	39,310	67,816	72,535
Within a period of more than one year but not exceeding two years	16,621	52,258	55,728
Within a period of more than two years but not exceeding five years	8,255	123,927	73,374
	64,186	244,001	201,637
Less: Amount due for settlement with 12 months shown under current liabilities	(39,310)	(67,816)	(72,535)
Amount due for settlement after 12 months shown under non-current liabilities	24,876	176,185	129,102

The weighted average incremental borrowing rates applied to lease liabilities are 4.49%, 4.35% and 4.31% per annum as at December 31, 2022, 2023 and 2024, respectively.

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The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	12,906	11,126	29,144
Within a period of more than one year but not exceeding two years	348	6,747	21,994
Within a period of more than two years but not exceeding five years	841	25,239	26,145
	14,095	43,112	77,283
Less: Amount due for settlement with 12 months shown under current liabilities	(12,906)	(11,126)	(29,144)
Amount due for settlement after 12 months shown under non-current liabilities	1,189	31,986	48,139

The weighted average incremental borrowing rates applied to lease liabilities are 4.50%, 4.31% and 4.30% per annum as of December 31, 2022, 2023 and 2024, respectively.

34 DEFERRED INCOME

The Group and the Company

The Group and the Company recorded government subsidies related to research and development projects as deferred income and amortised it on a systematic basis over the progress of these projects.

35 SHARE CAPITAL

	Number of ordinary shares	Nominal value of share
		RMB'000
Issued and fully paid		
As of January 1, 2022 and December 31, 2022	2,491,037,834	2,491,038
Cancellation of treasury shares (<i>Note (i)</i>)	(3,499,100)	(3,499)
As of December 31, 2023	2,487,538,734	2,487,539
Issue of shares under share incentive plan (<i>Note (ii)</i>)	39,265,000	39,265
As of December 31, 2024	2,526,803,734	2,526,804

Notes:

- (i) During the year ended December 31, 2023, the Company cancelled 3,499,100 ordinary shares with a deduction from the treasury shares of RMB19,890,000, including a reduction of RMB3,499,000 in share capital and RMB16,391,000 in share premium.
- (ii) On August 29, 2024, the board of directors has approved to issue a total of 39,265,000 ordinary shares under share incentive plan. Details of which are set out in Note 37.

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36 RESERVES

The Group

During the Track Record Period, the amounts of the Group’s reserves and the changes therein are presented in the consolidated statements of changes in equity.

Capital reserve

Capital reserve mainly comprised: (i) capital contribution from shareholders; and (ii) the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisitions of further interests in subsidiaries or disposal of partial interests in subsidiaries, respectively.

Treasury shares

Own equity instruments which are reacquired and held by the Company (i.e. treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Statutory surplus reserve

According to relevant laws and regulations of the PRC, the Company is required to make an appropriation at the rate of 10% of the profit after income tax, prepared in accordance with the Generally Accepted Accounting Principles in the PRC, to the statutory surplus reserve fund until the balance has reached 50% of the registered capital. Upon approval from the relevant PRC authorities, the statutory surplus reserve fund can be used to offset accumulated losses or to increase share capital. The statutory surplus reserve is not available for dividend distribution to shareholders.

The Company

	Share premium	Capital reserve	Treasury shares	Statutory reserve	FVTOCI reserve	Share-based payments reserve	Retained earnings/ (accumulated losses)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2022	5,318,363	173,854	(150,061)	362,099	(49,773)	37,249	2,349,193	8,040,924
Loss for the year	–	–	–	–	–	–	(2,385,634)	(2,385,634)
Other comprehensive expense for the year:								
Fair value loss on investments in equity instruments at FVTOCI, net of tax	–	–	–	–	(10,214)	–	–	(10,214)
Total comprehensive expense for the year	–	–	–	–	(10,214)	–	(2,385,634)	(2,395,848)
Release of treasury shares under share incentive plans (Note 37)	10,729	–	130,171	–	–	(49,299)	–	91,601
Recognition of equity-settled share-based payments	–	–	–	–	–	12,050	–	12,050
Dividend declared (Note 15).	–	–	–	–	–	–	(105,000)	(105,000)
At December 31, 2022.	<u>5,329,092</u>	<u>173,854</u>	<u>(19,890)</u>	<u>362,099</u>	<u>(59,987)</u>	<u>–</u>	<u>(141,441)</u>	<u>5,643,727</u>

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	Share premium	Capital reserve	Treasury shares	Statutory reserve	FVTOCI reserve	Share-based payments reserve	Retained earnings/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	5,329,092	173,854	(19,890)	362,099	(59,987)	–	(141,441)	5,643,727
Profit for the year	–	–	–	–	–	–	250,794	250,794
Other comprehensive expense for the year:								
Fair value loss on investments in equity instruments at FVTOCI, net of tax	–	–	–	–	(91,838)	–	–	(91,838)
Total comprehensive (expense)/income for the year	–	–	–	–	(91,838)	–	250,794	158,956
Cancellation of treasury shares (Note 35)	(16,391)	–	19,890	–	–	–	–	3,499
Recognition of equity-settled share-based payments	–	–	–	–	–	76,350	–	76,350
Disposal of equity instruments at FVTOCI	–	–	–	–	4,357	–	(4,357)	–
At December 31, 2023.	<u>5,312,701</u>	<u>173,854</u>	<u>–</u>	<u>362,099</u>	<u>(147,468)</u>	<u>76,350</u>	<u>104,996</u>	<u>5,882,532</u>
As of January 1, 2024	5,312,701	173,854	–	362,099	(147,468)	76,350	104,996	5,882,532
Loss for the year	–	–	–	–	–	–	(149,356)	(149,356)
Other comprehensive expense for the year:								
Fair value loss on investments in equity instruments at FVTOCI, net of tax	–	–	–	–	(45,287)	–	–	(45,287)
Total comprehensive expense for the year	–	–	–	–	(45,287)	–	(149,356)	(194,643)
Issue of shares under share incentive plans (Notes 35 and 37)	206,711	–	–	–	–	(76,350)	–	130,361
Recognition of equity-settled share-based payments	–	–	–	–	–	172,194	–	172,194
Disposal of equity instruments at FVTOCI	–	–	–	–	(8,205)	–	8,205	–
Share of reserves of associates	–	(10,261)	–	–	–	–	–	(10,261)
Dividend declared (Note 15)	–	–	–	–	–	–	(24,875)	(24,875)
At December 31, 2024.	<u>5,519,412</u>	<u>163,593</u>	<u>–</u>	<u>362,099</u>	<u>(200,960)</u>	<u>172,194</u>	<u>(61,030)</u>	<u>5,955,308</u>

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37 SHARE-BASED PAYMENT TRANSACTIONS

The Group has adopted equity-settled share incentive plans, pursuant to which the Company granted Type II restricted shares for the purpose of providing incentives to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the plan include the Company’s directors (excluding independent non-executive directors) and the Group’s employees.

Type II restricted shares refer to ordinary shares granted to the participants pursuant to which ordinary shares could be subscribed for upon the satisfaction of the Group’s performance appraisal and individual performance appraisal under share incentive plans. Upon the satisfaction of certain vesting conditions under share incentive plans, the participants of share incentive plans have the right to subscribe for ordinary shares at the specified exercise price. These restricted shares have a contractual term of no more than 36 months and will be vested in two tranches: 1) the first vesting period shall commence on the first trading date immediately following the expiration of 12 months from the date of grant and shall end on the last trading date within 24 months from the date of grant, during which 50% of the restricted shares shall vest; the second vesting period shall commence on the first trading day immediately following the expiration of 24 months from the date of grant and shall end on the last trading date within 36 months from the date of grant, during which the remaining 50% of the restricted shares shall vest. According to the share incentive plan, the price of Type II restricted shares would be adjusted if the Company declared cash or share dividends or transferred share premium into share capital.

On June 24, 2021, the board of directors has approved 46,000,000 Type II restricted shares to 269 participants at the exercise price of RMB4 per share (the “2021 RS Plan”).

On June 2, 2022, upon the satisfaction of certain vesting conditions in the first anniversary under 2021 RS Plan, the board of directors has approved 22,900,500 restricted shares to be vested. In addition, as certain vesting conditions in the second anniversary were not met, 23,099,500 restricted shares were therefore forfeited during the year ended December 31, 2022.

Movement in the number of 2021 RS Plan and the exercise price per share were as follows:

	Number of shares	Exercise price per share
		<i>RMB</i>
Outstanding at January 1, 2022	46,000,000	4.00
Vested	(22,900,500)	4.00
Forfeited	(23,099,500)	4.00
Outstanding at December 31, 2022, December 31, 2023 and December 31, 2024	–	N/A

On September 7, 2023, the shareholders’ meeting held on that date has approved 80,000,000 Type II restricted shares to 244 participants at the exercise price of RMB4.33 per share (the “2023 RS Plan”). Since the Company declared cash dividends of RMB0.1 per share in June 2024, the exercise price was then adjusted to RMB4.32 per share from June 2024 onwards.

On August 29, 2024, upon the satisfaction of certain vesting conditions in the first anniversary under 2023 RS Plan, the board of directors has approved 39,265,000 restricted shares to be vested.

Movement in the number of 2023 RS Plan and the exercise price per share were as follows:

	Number of shares	Exercise price per share
		<i>RMB</i>
At January 1, 2022, December 31, 2022 and January 1, 2023	–	N/A
Granted	80,000,000	4.33
At December 31, 2023 and January 1, 2024	80,000,000	4.33
Vested	(39,265,000)	4.32
At December 31, 2024	40,735,000	4.32

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The Black-Scholes option pricing model has been used to estimate the fair value of the restricted shares. The variables and assumptions used in computing the fair value of the restricted shares were valued by the directors of the Company.

The inputs into the model were as follows:

	2021 RS Plan	2023 RS Plan
Closing price per share on grant date	RMB6.18	RMB8.15
Expected volatility	23.10%-23.15%	18.12%-21.93%
Expected life	1-2 years	1-2 years
Risk-free rate	1.5%-2.1%	1.5%-2.1%
Expected dividend yield	0.96%	1.0066%

38 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt balance, which includes borrowings disclosed in Note 32, lease liabilities disclosed in Note 33, net of cash and cash equivalents in Note 29, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

39 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As of December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets at amortised cost	11,359,671	14,702,649	16,423,314
Financial assets at FVTPL	1,796,602	1,874,382	983,157
Equity instruments at FVTOCI	332,838	207,685	136,076
Bills receivables at FVTOCI (included in trade and other receivables)	13,856	39,959	31,159
	<u>13,502,967</u>	<u>16,824,675</u>	<u>17,573,706</u>
Financial liabilities			
Financial liabilities at amortised cost	<u>9,696,202</u>	<u>13,438,576</u>	<u>13,437,772</u>

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	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	1,106,742	810,558	1,352,207
Financial assets at FVTPL	112,885	76,935	73,415
Equity instruments at FVTOCI	266,163	145,163	73,839
Bills receivables at FVTOCI (included in trade and other receivables)	11,356	4,682	6,571
	<u>1,497,146</u>	<u>1,037,338</u>	<u>1,506,032</u>
Financial liabilities			
Financial liabilities at amortised cost	<u>1,653,638</u>	<u>1,276,829</u>	<u>1,339,383</u>

(b) Financial risk management objectives and policies

The Group’s and the Company’s major financial instruments include trade and other receivables, financial assets at FVTPL, equity instruments at FVTOCI, debt instruments at amortised cost, restricted bank deposits, cash and cash equivalents, trade and other payables, borrowings and lease liabilities.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group

Certain financial assets and financial liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of the Group’s material foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets			
Hong Kong dollars (“HKD”)	37,102	122,111	155,378
United States dollars (“USD”)	<u>1,401,170</u>	<u>1,875,781</u>	<u>3,071,285</u>
	<u>1,438,272</u>	<u>1,997,892</u>	<u>3,226,663</u>

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	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities			
HKD	102,071	177,477	95,155
USD	2,482,625	4,269,102	4,490,915
	<u>2,584,696</u>	<u>4,446,579</u>	<u>4,586,070</u>

Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase in foreign currencies against respective group entities’ functional currencies, with which the Group may have a material exposure. 5% represents management’s assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where foreign currencies strengthen 5% against functional currencies. For a 5% weakening of foreign currencies against functional currencies, there would be an equal and opposite impact on profit or loss for the year, vice versa.

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impact of HKD on profit or loss	(2,436)	(2,076)	2,258
Impact of USD on profit or loss	(40,555)	(89,750)	(53,236)

The Company

The carrying amounts of the Company’s monetary assets and liabilities at the end of each reporting period are mostly denominated in RMB and does not exposed the Company to significant foreign currency risk.

Interest rate risk

The Group

The Group is primarily exposed to fair value interest rate risk in relation to debt instruments at amortised cost and FVTPL, restricted bank deposits, fixed-rate borrowings and lease liabilities and cash flow interest risk in relation to cash and cash equivalents and variable-rate borrowings. The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable. Accordingly, no sensitivity analysis on cash flow interest rate risk of these bank balances is presented.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. The basis point increase or decrease is used when reporting interest rate risk internally to management and represents management’s assessment of the reasonably possible change in interest rates.

At December 31, 2022, 2023 and 2024, if interest rates on borrowings had been 50 basis points higher with all other variables held constant, consolidated loss/profit after tax for the year would have been RMB3,134,000, RMB3,472,000 and RMB2,189,000 higher/lower, respectively, arising mainly as a result of higher/lower interest expense on the borrowings, vice versa.

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The Company

The Company is primarily exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities and cash flow interest risk in relation to cash and cash equivalents. The Company currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises.

The Company considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable. Accordingly, no sensitivity analysis on cash flow interest rate risk is presented.

Other price risk

The Group is exposed to equity price risk through its investments held by the Group that are classified as either FVTPL or FVTOCI. The management of the Group manages this exposure by maintaining a portfolio of investments with different risks and return profiles and monitor the price risk and will consider hedging the risk exposure should the need arises. The Group has appointed a specialist team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity instruments with fair value measurement categorised within Level 3 were disclosed in this note below.

If the prices of the respective equity instruments had been 5% higher, the post-tax loss/profit for the years ended December 31, 2022, 2023 and 2024 would decrease/increase by RMB22,235,000, RMB23,005,000 and RMB26,904,000 respectively; whereas the consolidated other comprehensive expense/income for the years ended December 31, 2022, 2023 and 2024 would decrease/increase by RMB12,481,000, RMB7,788,000 and RMB5,103,000 respectively; as a result of the changes in fair value of equity instruments would increase by RMB46,289,000, RMB41,057,000 and RMB42,676,000 respectively, vice versa.

The Company

The Company is exposed to price risk through its investments in equity securities measured at FVTPL and FVTOCI. The management of the Company manages this exposure by maintaining a portfolio of investments with different risks and return profiles and monitor the price risk and will consider hedging the risk exposure should the need arises. The management of the Company considered the Company’s exposure to equity price risk on these instruments was insignificant. Accordingly, no other price risk sensitivity analysis is presented.

Credit risk

The Group

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade and other receivables, contract assets, restricted bank deposits, cash and cash equivalents and debt instruments at amortised cost and FVTPL. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Except for debt instruments at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group’s credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. In this regard, the management of the Group consider that the Group’s credit risk is significantly reduced.

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The Group’s concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 47%, 26% and 32% of trade receivables and contract assets as of December 31, 2022, 2023 and 2024.

In addition, the Group performs impairment assessment under ECL model on all trade receivables and contract assets that are credit-impaired individually. The remaining all trade receivables and contract assets are grouped based on shared credit risk characteristics of customers and are assessed for impairment on a collective basis using the provision matrix. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits, management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. At December 31, 2022, 2023 and 2024, the Group had made an accumulated lifetime loss allowance on credit-impaired other receivables amounting to RMB132,726,000, RMB132,726,000 and RMB39,734,000 and not-credit-impaired other receivables amounting to RMB34,281,000, RMB42,043,000 and RMB9,617,000, respectively.

Restricted bank deposits and bank balances

The credit risk on restricted bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies. The Group assessed 12m ECL for restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognized.

Debt instruments at amortised cost and FVTPL

The Group only invests in debt instruments with low credit risk. The Group’s debt instruments at amortised cost mainly comprise listed and unlisted bonds that are graded in the top investment grade as per globally understood definitions and therefore are considered to be low credit risk investments. Therefore no loss allowance provision was recognized during the year ended December 31, 2022, 2023 and 2024.

The Company

Credit risk refers to the risk that the Company’s counterparties default on their contractual obligations resulting in financial losses to the Company. The Company’s credit risk exposures are primarily attributable to trade and other receivables, contract assets and cash and cash equivalents. The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits and credit approvals. In this regard, the management of the Company consider that the Company’s credit risk is significantly reduced.

The Company’s concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of trade receivables and contract assets as of December 31, 2022, 2023 and 2024.

In addition, the Company performs impairment assessment under ECL model on all trade receivables and contract assets that are credit-impaired individually. The remaining trade receivables and contract assets are grouped based on shared credit risk characteristics of customers and are assessed for impairment on a collective basis using the provision matrix. Details of the quantitative disclosures are set out below in this note.

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Other receivables and deposits

For other receivables and deposits, management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. At December 31, 2022, 2023 and 2024, the Company had made an accumulated lifetime loss allowance on credit-impaired other receivables amounting to RMB102,984,000, RMB102,984,000 and nil; and not-credit-impaired other receivables amounting to RMB7,000, RMB241,000 and nil, respectively.

Bank balances

The credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies. The Company assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognized.

The Group’s and the Company’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	All trade receivables/ contract assets	Other financial assets subject to ECL assessment
Low risk.	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Doubtful.	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets and contract assets, which are subject to ECL assessment:

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	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
				As of December 31,		
				2022	2023	2024
				RMB'000	RMB'000	RMB'000
Financial assets at amortised cost						
Trade receivables	27	<i>Note (i)</i>	Lifetime ECL – not credit-impaired (collective assessment)	7,329,697	10,584,424	11,606,638
		Low risk	Lifetime ECL – credit- impaired (individual assessment)	550,598	689,752	622,948
Contract assets	28	<i>Note (i)</i>	Lifetime ECL – not credit-impaired (collective assessment)	136,288	126,697	121,109
Other receivables and deposits	27	Low risk	12m ECL	193,892	208,479	194,089
		Loss	Lifetime ECL – credit- impaired	132,726	132,726	39,734
Debt instruments at amortised cost	24	N/A	Lifetime ECL – not credit-impaired (individual assessment)	36,927	42,559	666,942
Restricted bank deposits . . .	29	N/A	12m ECL	41,545	36,608	49,968
Bank balances	29	N/A	12m ECL	3,804,439	4,077,313	4,141,982
Financial assets at FVTOCI						
Bill receivables at FVTOCI. .	27	N/A	12m ECL	13,856	39,959	31,159

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The Company

			Gross carrying amount			
Notes	Internal credit rating	12m or lifetime ECL	As of December 31,			
			2022	2023	2024	
			RMB'000	RMB'000	RMB'000	
Financial assets at amortised cost						
Trade receivables	27	Note (i)	Lifetime ECL – not credit-impaired (collective assessment)	343,421	204,367	238,065
		Low risk	Lifetime ECL – credit-impaired (individual assessment)	140,765	123,850	129,487
Contract assets	28	Note (i)	Lifetime ECL – not credit-impaired (collective assessment)	17,163	3,124	6,753
Other receivables and deposits	27	Low risk	12m ECL	320,797	197,773	694,571
		Loss	Lifetime ECL Credit-impaired	102,984	102,984	–
Bank balances	29	N/A	12m ECL	359,257	363,924	298,191
Financial assets at FVTOCI						
Bill receivables at FVTOCI	27	N/A	12m ECL	11,356	4,682	6,571

Notes:

- (i) For trade receivables and contract assets, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or are considered credit-impaired, the Group and the Company determines the expected credit losses on these items by using a provision matrix.

As part of the Group’s and the Company’s credit risk management, the Group and the Company’s uses debtors’ aging to assess the impairment for its customers in relation to its business operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for all trade receivables and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired) as of December 31, 2022, 2023 and 2024.

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The Group

Trade receivables

As of December 31, 2022	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		RMB'000	RMB'000	RMB'000
Within 6 months	0.08%	6,128,877	4,773	6,124,104
6 months to 1 year	1.47%	655,350	9,607	645,743
1 to 2 years	30.00%	288,287	86,486	201,801
2 to 3 years	80.00%	113,606	90,885	22,721
Over 3 years	100%	143,577	143,577	–
		7,329,697	335,328	6,994,369
ECL assessed individually		550,598	227,818	322,780
		7,880,295	563,146	7,317,149

As of December 31, 2023	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		RMB'000	RMB'000	RMB'000
Within 6 months	0.11%	9,535,354	10,407	9,524,947
6 months to 1 year	1.47%	525,084	7,693	517,391
1 to 2 years	26.07%	323,607	84,369	239,238
2 to 3 years	86.47%	33,631	29,080	4,551
Over 3 years	100%	166,748	166,748	–
		10,584,424	298,297	10,286,127
ECL assessed individually		689,752	596,146	93,606
		11,274,176	894,443	10,379,733

As of December 31, 2024	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		RMB'000	RMB'000	RMB'000
Within 6 months	0.07%	10,527,815	7,039	10,520,776
6 months to 1 year	1.08%	573,670	6,216	567,454
1 to 2 years	19.80%	310,963	61,557	249,406
2 to 3 years	78.82%	156,300	123,190	33,110
Over 3 years	100%	37,890	37,890	–
		11,606,638	235,892	11,370,746
ECL assessed individually		622,948	613,744	9,204
		12,229,586	849,636	11,379,950

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Contract assets

	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of December 31, 2022	0.07%	<u>136,288</u>	<u>99</u>	<u>136,189</u>
As of December 31, 2023	0.45%	<u>126,697</u>	<u>575</u>	<u>126,122</u>
As of December 31, 2024	0.38%	<u>121,109</u>	<u>459</u>	<u>120,650</u>

The Company

Trade receivables

As of December 31, 2022	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	0.22%	293,809	647	293,162
6 months to 1 year	2.00%	69,119	1,382	67,737
1 to 2 years	30.00%	57,737	17,321	40,416
2 to 3 years	80.14%	<u>141</u>	<u>113</u>	<u>28</u>
		420,806	19,463	401,343
ECL assessed individually		<u>63,380</u>	<u>38,028</u>	<u>25,352</u>
		<u>484,186</u>	<u>57,491</u>	<u>426,695</u>
As of December 31, 2023	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	0.63%	181,228	1,135	180,093
6 months to 1 year	2.72%	28,623	779	27,844
1 to 2 years	24.13%	54,110	13,057	41,053
2 to 3 years	87.22%	<u>876</u>	<u>764</u>	<u>112</u>
		264,837	15,735	249,102
ECL assessed individually		<u>63,380</u>	<u>63,380</u>	<u>–</u>
		<u>328,217</u>	<u>79,115</u>	<u>249,102</u>

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As of December 31, 2024	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		RMB'000	RMB'000	RMB'000
Within 6 months	0.27%	253,663	691	252,972
6 months to 1 year	1.40%	74,438	1,044	73,394
1 to 2 years	8.75%	34,233	2,995	31,238
2 to 3 years	64.72%	5,218	3,377	1,841
		<u>367,552</u>	<u>8,107</u>	<u>359,445</u>

Contract assets

	Weighted Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
		RMB'000	RMB'000	RMB'000
As of December 31, 2022	0.10%	<u>17,163</u>	<u>18</u>	<u>17,145</u>
As of December 31, 2023	0.99%	<u>3,124</u>	<u>31</u>	<u>3,093</u>
As of December 31, 2024	0.62%	<u>6,753</u>	<u>42</u>	<u>6,711</u>

The estimated loss rates are estimated based on probability of default, loss given default and are adjusted for forward-looking information that is available without undue cost or effort, such as general economic conditions. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The following tables show movement of lifetime ECL that has been recognized for trade receivables under the simplified approach.

The Group

	Lifetime ECL (credit-impaired)	Lifetime ECL (not credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	48,630	288,351	336,981
Impairment losses recognized	227,818	39,618	267,436
Write-offs	(48,630)	(2,859)	(51,489)
Exchange realignment	—	10,218	10,218
At December 31, 2022	227,818	335,328	563,146
Impairment losses recognized/(reversed)	420,709	(13,891)	406,818
Write-offs	(52,381)	(26,192)	(78,573)
Exchange realignment	—	3,052	3,052
At December 31, 2023	596,146	298,297	894,443
Impairment losses recognized	144,777	50,788	195,565
Write-offs	(127,179)	(115,725)	(242,904)
Exchange realignment	—	2,532	2,532
At December 31, 2024	<u>613,744</u>	<u>235,892</u>	<u>849,636</u>

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The Company

	Lifetime ECL (credit-impaired)	Lifetime ECL (not credit-impaired)	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2022	–	11,449	11,449
Impairment losses recognized	38,028	8,014	46,042
At December 31, 2022	38,028	19,463	57,491
Impairment losses recognized/(reversed)	25,352	(3,728)	21,624
At December 31, 2023	63,380	15,735	79,115
Impairment losses reversed	–	(7,597)	(7,597)
Write-offs	(63,380)	(31)	(63,411)
At December 31, 2024	–	8,107	8,107

The following tables show movement of lifetime ECL that has been recognized for contract assets.

The Group

	Lifetime ECL (not credit-impaired)
	RMB'000
At January 1, 2022	87
Impairment losses recognized	12
At December 31, 2022	99
Impairment losses recognized	476
At December 31, 2023	575
Impairment losses reversed	(120)
Exchange realignment	4
At December 31, 2024	459

The Company

	Lifetime ECL (not credit-impaired)
	RMB'000
At January 1, 2022 and December 31, 2022	18
Impairment losses recognized	13
At December 31, 2023	31
Impairment losses recognized	11
At December 31, 2024	42

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The following tables show reconciliation of loss allowances that has been recognized for other receivables.

The Group

	12m ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	34,005	—	56,912	90,917
Impairment losses recognized	—	—	75,814	75,814
Write-offs	(64)	—	—	(64)
Exchange realignment	340	—	—	340
At December 31, 2022	34,281	—	132,726	167,007
Impairment losses recognized	8,298	—	—	8,298
Write-offs	(1,056)	—	—	(1,056)
Exchange realignment	520	—	—	520
At December 31, 2023	42,043	—	132,726	174,769
Impairment losses reversed	(1,400)	—	—	(1,400)
Write-offs	(34,006)	—	(92,992)	(126,998)
Exchange realignment	2,980	—	—	2,980
At December 31, 2024	9,617	—	39,734	49,351

The Company

	12m ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	7	—	—	7
Impairment losses recognized	—	—	102,984	102,984
At December 31, 2022	7	—	102,984	102,991
Impairment losses recognized	234	—	—	234
At December 31, 2023	241	—	102,984	103,225
Impairment losses reversed	405	—	—	405
Write-offs	(646)	—	(102,984)	(103,630)
At December 31, 2024	—	—	—	—

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Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	Within one year	Over one year but within two years	Over two years but within five years	Total	Carrying amount
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At December 31, 2022						
Trade and other payables	–	7,199,009	17,529	–	7,216,538	7,216,538
Borrowings	4.30%	1,745,112	37,887	808,319	2,591,318	2,415,478
Lease liabilities . .	4.49%	42,462	17,490	8,843	68,795	64,186
		<u>8,986,583</u>	<u>72,906</u>	<u>817,162</u>	<u>9,876,651</u>	<u>9,696,202</u>
At December 31, 2023						
Trade and other payables	–	10,986,080	17,895	–	11,003,975	11,003,975
Borrowings	4.43%	1,563,152	48,193	794,900	2,406,245	2,190,600
Lease liabilities . .	4.35%	74,972	60,737	135,318	271,027	244,001
		<u>12,624,204</u>	<u>126,825</u>	<u>930,218</u>	<u>13,681,247</u>	<u>13,438,576</u>
At December 31, 2024						
Trade and other payables	–	11,424,069	–	–	11,424,069	11,424,069
Borrowings	4.04%	1,396,099	503,962	–	1,900,061	1,812,066
Lease liabilities . .	4.31%	78,416	60,136	75,431	213,983	201,637
		<u>12,896,584</u>	<u>564,098</u>	<u>75,431</u>	<u>13,538,113</u>	<u>13,437,772</u>

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The Company

	Weighted average interest rate	Within one year <i>RMB'000</i>	Over one year but within two years <i>RMB'000</i>	Over two years but within five years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
At December 31, 2022						
Trade and other payables	–	538,959	–	–	538,959	538,959
Borrowings	3.88%	1,118,925	–	–	1,118,925	1,100,584
Lease liabilities	4.50%	14,216	395	955	15,566	14,095
		<u>1,672,100</u>	<u>395</u>	<u>955</u>	<u>1,673,450</u>	<u>1,653,638</u>
At December 31, 2023						
Trade and other payables	–	453,372	–	–	453,372	453,372
Borrowings	3.84%	793,793	–	–	793,793	780,345
Lease liabilities	4.31%	16,518	9,547	27,390	53,455	43,112
		<u>1,263,683</u>	<u>9,547</u>	<u>27,390</u>	<u>1,300,620</u>	<u>1,276,829</u>
At December 31, 2024						
Trade and other payables	–	511,840	–	–	511,840	511,840
Borrowings	3.45%	763,265	–	–	763,265	750,260
Lease liabilities	4.30%	30,931	23,701	26,935	81,567	77,283
		<u>1,306,036</u>	<u>23,701</u>	<u>26,935</u>	<u>1,356,672</u>	<u>1,339,383</u>

(c) Fair value measurement of financial instruments

(i) Fair value of the Group’s and the Company’s financial assets that are measured at fair value on a recurring basis

Certain of the Group’s and the Company’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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In estimating the fair value, the Group and the Company uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group and the Company engage independent qualified valuers to perform the valuation. The finance department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The finance department reports findings to the management of the Group at each reporting date to explain the cause of fluctuations in the fair value.

Disclosures of level in fair value hierarchy at December 31, 2022, 2023 and 2024:

The Group

	Fair value as of December 31,			Fair value hierarchy	Valuation technique(s)	Significant input(s)	Relationship of unobservable inputs to fair value
	2022	2023	2024				
	RMB'000	RMB'000	RMB'000				
Listed equity instruments at FVTPL	12,224	13,195	8,061	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed debt instruments at FVTPL	1,203,669	1,258,325	255,233	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity instruments at FVTPL	580,709	600,261	709,379	Level 3	Market comparison	Price-to-sales multiple; discount for lack of marketability	The higher the price-to-sales multiple, the higher the fair value; the lower the discount for lack of marketability, the higher the fair value.
					Adjusted net asset value	Net asset value of the underlying investments	The higher the net asset value, the higher the fair value
Currency forwards at FVTPL	–	2,601	10,484	Level 2	Discounted cash flow	Estimated future cash flows based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates	N/A
Listed equity instruments at FVTOCI	–	37,501	6,923	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity instruments at FVTOCI	332,838	170,184	129,153	Level 3	Adjusted net asset value	Net asset value of the underlying investments	The higher the net asset value, the higher the fair value
Bills receivables at FVTOCI	13,856	39,959	31,159	Level 2	Discounted cash flow	Estimated future cash flows discounted at market interest rate that reflects the time value to the date of settlement	N/A

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The Company

	Fair value as of December 31,			Fair value hierarchy	Valuation technique(s)	Significant input(s)	Relationship of unobservable inputs to fair value
	2022	2023	2024				
	RMB'000	RMB'000	RMB'000				
Listed equity instruments at FVTPL	8,843	5,152	4,024	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity instruments at FVTPL	104,042	71,783	69,391	Level 3	Market comparison	Price-to-sales multiple; discount for lack of marketability	The higher the price-to-sales multiple, the higher the fair value; the lower the discount for lack of marketability, the higher the fair value.
					Adjusted net asset value	Net asset value of the underlying investments	The higher the net asset value, the higher the fair value
Listed equity instruments at FVTOCI	–	37,501	6,923	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity instruments at FVTOCI	266,163	107,662	66,916	Level 3	Net asset value	N/A	N/A
Bills receivables at FVTOCI	11,356	4,682	6,571	Level 2	Discounted cash flow	Estimated future cash flows discounted at market interest rate that reflects the time value to the date of settlement	N/A

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(ii) Reconciliation of Level 3 fair value measurements

The Group

	Financial assets at FVTPL	Equity instruments at FVTOCI
	RMB'000	RMB'000
At January 1, 2022	380,134	332,758
Additions	289,794	15,000
Disposals	(76,709)	–
Total loss in profit or loss	(12,512)	–
Total loss in other comprehensive income	–	(14,920)
At December 31, 2022	580,707	332,838
Additions	247,990	–
Disposals	(143,493)	–
Total loss in profit or loss	(84,944)	–
Total loss in other comprehensive income	–	(65,522)
Transfers into Level 1 (Note)	–	(97,132)
At December 31, 2023	600,260	170,184
Additions	136,145	–
Disposals	(74,611)	–
Total gain in profit or loss	47,585	–
Total loss in other comprehensive income	–	(41,031)
At December 31, 2024	709,379	129,153

The Company

	Financial assets at FVTPL	Equity instruments at FVTOCI
	RMB'000	RMB'000
At January 1, 2022	125,051	279,782
Total loss in profit or loss	(21,009)	–
Total loss in other comprehensive income	–	(13,619)
At December 31, 2022	104,042	266,163
Total loss in profit or loss	(32,259)	–
Total loss in other comprehensive income	–	(61,369)
Transfers into Level 1 (Note)	–	(97,132)
At December 31, 2023	71,783	107,662
Total loss in profit or loss	(2,392)	–
Total loss in other comprehensive income	–	(40,746)
At December 31, 2024	69,391	66,916

Note: Unlisted equity instruments at FVTOCI of approximately RMB97,132,000 were listed on the NASDAQ Stock Market during the year ended December 31, 2023. Therefore, the fair value of the corresponding investments were determined based on a published price quotation available on the NASDAQ Stock Market and were classified as Level 1 of the fair value hierarchy during the year ended December 31, 2023.

There were no other transfers between Level 1 and Level 2 during the Track Record Period.

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(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position approximate to their fair values.

40 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
At January 1, 2022	1,597,457	88,997	1,686,454
New leases	–	36,893	36,893
Financial costs	84,869	2,450	87,319
Exchange difference	23,832	–	23,832
Financing cashflows	709,320	(64,154)	645,166
At December 31, 2022	2,415,478	64,186	2,479,664
New leases	–	241,823	241,823
Financial costs	101,987	10,042	112,029
Exchange difference	35,888	–	35,888
Financing cashflows	(362,753)	(72,050)	(434,803)
At December 31, 2023	2,190,600	244,001	2,434,601
New leases	–	11,066	11,066
Financial costs	88,856	15,509	104,365
Exchange difference	8,847	–	8,847
Financing cashflows	(476,237)	(68,939)	(545,176)
At December 31, 2024	1,812,066	201,637	2,013,703

41 RELATED PARTY TRANSACTIONS

(a) The relationships between the Company and related parties are as follows:

Name of the related parties	Relationship with the Company
Tomato Interactive Ltd.* (西紅柿互動有限公司)	Associate
Shanghai Shihua Information Technology Services Co., Ltd.* (上海獅華信息技術服務股份有限公司)	Associate
Qingdao United Planning Advertising Co., Ltd.* (青島聯合企畫廣告有限公司)	Associate
Horgos Big Color Information Technology Co., Ltd.* (霍爾果斯大顏色文化科技集團有限公司)	Associate
Outop (Shenzhen) Technology Co., Ltd.* (歐泰譜(深圳)科技有限公司)	Associate
Meilameila (Beijing) Technology Co., Ltd.* (美啦美啦(北京)科技有限公司)	Associate
Dongyang Zaopai Culture Media Co., Ltd.* (東陽早拍文化傳媒有限公司)	Associate
Xiamen BlueFocus Zhiying Culture Communication Co., Ltd.* (廈門藍標智盈文化傳播有限公司)	Associate
Beijing Zhonglan Zhihui Technology Co., Ltd.* (北京眾瀾智繪科技有限公司)	Associate
Beijing Jinjiu United Real Estate Brokerage Co., Ltd.* (北京今久聯合房地產經紀有限公司)	Associate
Zhejiang Lanyan Technology Co., Ltd.* (浙江藍顏科技有限公司)	Associate

* The English names of these associates registered in the PRC represent the translated names for identification purpose only.

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- (b) During the Track Record Period, the Group and the Company entered into the following transactions with the related parties:

The Group

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from provision of services to associates.	286,560	526,716	637,566
Cost incurred for provision of services by associates.	525,211	838,608	2,005,966

The Company

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from provision of services to associates.	68,166	3,223	4,653
Cost incurred for provision of services by associates.	319,727	213	207

The associates of the Group provided and received various support services to the Group including overseas marketing services, domestic integrated marketing services and domestic advertising services. Transactions with related parties were determined based on prices and terms mutually with agreed by the relevant parties involved.

- (c) During the Track Record Period, the Group and the Company have material outstanding balances with the related parties:

The Group

Relationships	Nature of balances	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Associates.	Trade and other receivables	116,856	88,131	204,662
	Contract assets	2,230	3,506	5,178
	Trade and other payables	69,148	70,283	220,446
	Contract liabilities	687	218	1,165

Outstanding balance including overseas marketing services, domestic integrated marketing services and domestic advertising services.

The Company

Relationships	Nature of balances	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Subsidiaries.	Trade and other receivables	391,848	241,140	802,547
	Trade and other payables	72,422	273,188	310,569

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(d) Compensation of key management personnel

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and other benefits	7,885	7,591	7,207
Discretionary bonus	3,709	3,589	5,363
Retirement benefit scheme contributions	1,248	19,947	47,708
Equity-settled share-based payments	4,890	21,053	21,561
	<u>17,732</u>	<u>52,180</u>	<u>81,839</u>

42 CAPITAL COMMITMENTS

As of December 31, 2022, 2023 and 2024, the Group had the following capital commitments:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Capital expenditure contracted for but not provided in respect of the Historical Financial Information:			
– Financial assets at FVTPL	268,485	161,661	160,953
– Equity instruments at FVTOCI	1,436	920	920
– Investments in associates	279,531	173,351	173,351
	<u>549,452</u>	<u>335,932</u>	<u>335,224</u>

43 PLEDGE OF ASSETS

At the end of each reporting period, the Group had pledged the following assets to various banks as securities against general banking facilities granted to the Group:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	1,202,948	1,255,260	255,233
Debt instruments at amortised cost	–	–	341,777
Restricted bank deposits	41,545	36,608	49,968
	<u>1,244,493</u>	<u>1,291,868</u>	<u>646,978</u>

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44 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principle subsidiaries directly and indirectly held by the Company during the Track Record Period and as of the date of this report are set out below:

Name of subsidiaries	Place of incorporation	Issued and fully paid-in registered capital	Equity interest attributable to the Company				Principal activities
			December 31, 2022	December 31, 2023	December 31, 2024	Date of the report	
			%	%	%	%	
BlueFocus (Shanghai) Investment Management Co., Ltd. * (上海藍色光標投資管理(集團)有限公司) (Note (a))	The PRC	RMB820,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Shanghai BlueFocus Brand Consulting Co., Ltd. (上海藍色光標品牌顧問有限公司) (Note (a))	The PRC	RMB329,031,600	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Beijing Sienke Technology Co., Ltd. (北京思恩客科技有限公司) (Note (a))	The PRC	RMB110,212,766	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Beijing Zhidian Interactive Advertising Co., Ltd.* (北京指點互動廣告有限公司) (Note (a))	The PRC	RMB10,500,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Yunshang Tiankong (Xiamen) Advertising Co., Ltd.* (雲上天空(廈門)廣告有限公司) (Note (a))	The PRC	RMB105,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Tianjin Sienke Technology Co., Ltd.* (天津思恩客科技有限公司) (Note (a))	The PRC	RMB1,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Shenzhen Xiaosen Huyu Co., Ltd. (深圳小森互娛有限公司) (Note(a))	The PRC	RMB10,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Zunan Advertising (Shanghai) Co., Ltd. (尊岸廣告(上海)有限公司) (Note (a))	The PRC	RMB10,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services
Beijing BlueFocus Public Relations Consulting Co., Ltd. (北京藍色光標公關顧問有限公司) (Note (a))	The PRC	RMB300,000,000	100.00	100.00	100.00	[100.00]	Domestic integrated marketing services

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Name of subsidiaries	Place of incorporation	Issued and fully paid-in registered capital	Equity interest attributable to the Company				Principal activities
			December 31, 2022	December 31, 2023	December 31, 2024	Date of the report	
			%	%	%	%	
BLUEFOCUS INTERNATIONAL LIMITED (藍色光標國際傳播集團有限公司) (Note (b)) . . .	Hong Kong	HKD1,723,780,617	100.00	100.00	100.00	[100.00]	Overseas marketing services
BlueVision Interactive Limited (Note (c)) . . .	Hong Kong	HKD10,000	100.00	100.00	100.00	[100.00]	Overseas marketing services
BLUEMEDIA PTE. LTD. (Note (d)) . . .	Singapore	USD8,000,000	100.00	100.00	100.00	[100.00]	Overseas marketing services
Lanhan (Shanghai) Technology Co., Ltd.* (藍瀚(上海)科技有限公司) (Note (a))	The PRC	RMB3,458,000,000	100.00	100.00	100.00	[100.00]	Domestic advertising services
Tianjin BlueFocus Bozhong Culture and Media Co., Ltd.* (天津藍標博眾文化傳媒有限公司) (Note (a))	The PRC	RMB10,000,000	100.00	100.00	100.00	[100.00]	Domestic advertising services
Domob Zhisheng Network Technology (Beijing) Co., Ltd. (多盟智勝網路技術(北京)有限公司) (Note (a))	The PRC	RMB10,000,000	100.00	100.00	100.00	[100.00]	Domestic advertising services
Domob Ruida Limited (多盟睿達有限公司) (Note (c))	Hong Kong	HKD10,000	100.00	100.00	100.00	[100.00]	Overseas marketing services
Madhouse Co., Ltd. (億動廣告傳媒有限公司) (Note (e)) . . .	Hong Kong	USD40,000,000 HKD100,000	100.00	100.00	100.00	[100.00]	Overseas marketing services
Blue Universe Digital Technology Co., Ltd. (藍色宇宙數字科技有限公司) (Note (a))	The PRC	RMB150,000,000	100.00	100.00	100.00	[100.00]	Research and development in digital technology

Notes:

- (a) No statutory financial statements have been prepared for the years ended December 31, 2022, 2023 and 2024 as there was no statutory audit requirements.
- (b) The statutory financial statements of this entity for the years ended December 31, 2022 and 2023 prepared in accordance with HKFRS Accounting Standards were audited by Baker Tilly Hong Kong Limited.
- (c) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared in accordance with HKFRS Accounting Standards were audited by Richful CPA Limited.
- (d) The statutory financial statements of this entity for the years ended December 31, 2022 and 2023 prepared in accordance with Singapore Financial Reporting Standards were audited by FOZL Assurance PAC.

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- (e) The statutory financial statements of this entity for the years ended December 31, 2022 and 2023 prepared in accordance with HKFRS Accounting Standards were audited by YCA Partners CPA Limited.
- (f) All subsidiaries now comprising the Group are limited liability companies except for Beijing Bluefocus Enterprise Management Center (Limited Partnership)* (北京藍色光標企業管理中心(有限合夥)), which is incorporated as a partnership. All subsidiaries have adopted December 31 as their financial year end date.

* The English names of these subsidiaries registered in the PRC represent the translated names for identification purpose only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt during the Track Record Period.

45 INVESTMENTS IN SUBSIDIARIES

The Company

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost	10,208,644	10,250,768	9,891,870
Accumulated impairment losses	(2,156,689)	(2,156,689)	(2,156,689)
Total	8,051,955	8,094,079	7,735,181

46 SUBSEQUENT EVENT

Subsequent to the end of reporting period, a share purchase agreement entered into on June 23, 2025, among, Aries Global Ltd., Aries Holdings Investment Limited and BLUEFOCUS INTERNATIONAL LIMITED (藍色光標國際傳播集團有限公司), pursuant to which Aries Global Ltd. agreed to sell, and BLUEFOCUS INTERNATIONAL LIMITED agree to acquire 75% equity interests in ARIES INTERNATIONAL LTD at a consideration of US\$1,626,059. The Company was in the process of evaluating related financial impacts.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2024 and up to the date of this report.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

This appendix contains a summary of the principal provisions of the Articles of Association of the Company which will be effective from the date of [REDACTED] of H Shares on the Hong Kong Stock Exchange. This appendix is primarily intended to provide potential [REDACTED] with an overview of the Company’s Articles of Association and therefore may not contain all the information that is material to potential [REDACTED].

ISSUANCE OF SHARES

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders’ meeting:

1. issuance of shares to non-specific targets;
2. issuance of shares to specific targets;
3. distribution of bonus shares to existing shareholders;
4. converting the reserve funds into share capital;
5. other means approved by the laws, regulations or approved by the CSRC and other securities regulatory authorities in the place where the Company’s Shares are listed.

Our Company may decrease our registered capital and shall comply with the procedures stipulated in the PRC Company Law, Hong Kong Listing Rules, other relevant provisions and the Articles of Association.

The Company may acquire Shares of the Company in accordance with laws, administrative regulations, departmental rules and the Articles of Association in the following circumstances:

1. reducing our Company’s registered capital;
2. merging with other companies which hold our shares;
3. using the shares for an employee stock ownership plan or equity incentive plan;
4. purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the

Company at a shareholders’ meeting upon their request;

5. using shares to convert corporate bonds issued by the listing companies that are convertible into stocks;
6. necessary for the Company to maintain its value and protect the interests of the shareholders.
7. other circumstances permitted by the laws, administrative regulations, departmental rules, regulatory rules in the place where the Company’s Shares are listed, etc.

Our Company shall not repurchase its own shares, unless otherwise under the above circumstances:

The Company may acquire its own shares through centralized bidding on stock exchanges, by means of offer or other means permitted under the laws, administrative regulations, and recognized by the CSRC and the regulatory authority in the place where the Company’s Shares are listed.

If the share acquisition is made under the circumstances stipulated in 3,5 or 6 of the Article of Association above, it shall be conducted by way of public centralized trading.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

A resolution shall be passed at the shareholders' meeting when the Company is to acquire its own shares under the circumstances 1 and 2 set out above. In case of the circumstances stipulated in 3, 5 and 6 above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting, unless otherwise provided in the Hong Kong Listing Rules.

After the Company has acquired its own shares under the circumstances above, the shares acquired shall be cancelled within ten days from the date of acquisition (under the circumstance set out in 1 above), or shall be transferred or cancelled within six months (under the circumstances set out in 2 and 4 above). If the Company acquires its shares under the circumstances set out in 3, 5 and 6 above, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three years.

TRANSFER OF SHARES

Shares issued prior to the public offering of the shares of the Company shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded on the stock exchange.

The directors, senior management members of the Company shall declare the Company of their holdings of shares of the Company and the changes therein. The shares transferred by them during each year of their tenures shall not exceed 25% of their total holdings of shares of the Company in the same class. The shares of the Company held by them shall not be transferred within 1 year from the date on which the Company's Shares are listed for trading. The shares of the Company held by them shall not be transferred within half a year from their departure from the Company. Where the regulatory rules of the place where the Company's Shares are listed provide otherwise with respect to the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares by the directors and senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares by any of the aforesaid parties within six months after sale of the same shall be vested in the Company, and the Board of the Company shall recover such gains from the abovementioned parties. However, securities companies holding over 5% of the shares of the Company as a result of acquiring remaining underwritten ordinary shares and other circumstances stipulated by the CSRC are not subject to the 6-month restriction when selling shares. Where the securities regulatory rules of the place where the Company's Shares are listed provide otherwise with respect to the restrictions on the transfer, such rules shall prevail.

The shares or other securities of equity nature held by directors, senior management members or natural person shareholders referred to in the preceding paragraph shall include the shares or other securities of equity nature held by their spouses, parents or children, and those held through the accounts of others

The shareholders may require the Board of the Company to comply with the requirement set out in the above paragraph within 30 days if the Board fails to do so. In the event the Board fails to rectify the situation within the said timeline, the shareholders may file a lawsuit to the People's Court in their own names for safeguarding the interests of the Company. If the Board of the Company fails to comply with the preceding paragraph, the directors responsible shall bear joint liability in accordance with the laws.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders in accordance with evidentiary documents provided by the securities registration and clearing authority. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's Shares. The original register of shareholders of H Shares is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of Shares they hold. Shareholders holding Shares of the same class shall enjoy the same rights and assume the same obligations.

The rights of our shareholders are as follows:

1. to receive dividends and other forms of interest distribution according to the number of Shares held;

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

2. to legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights;
3. to supervise operations of the Company, provide suggestions or submit queries;
4. to transfer, grant or pledge the Company's Shares held according to the provisions of the laws, administrative regulations, the regulatory rules of the place where the Company's Shares are listed and the Articles of Association;
5. to read and copy the Articles of Association, the register of shareholders, shareholders' meeting minutes, resolutions of meetings of the Board, and shareholders in compliance with the requirements may inspect the accounting books and accounting evidence of the Company;
6. to participate in the distribution of the remaining assets of our Company according to the proportion of Shares held upon our termination or liquidation;
7. to require our Company to acquire the Shares from shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;

Other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed, or the Articles of Association.

If the procedure for convening a shareholders' meeting or a Board meeting, or the voting method used in such a meeting, violates any law, administrative regulations or the Articles of Association, or if any resolution adopted includes content that violates the Articles of Association, shareholders may, within 60 days from the date of adopting the resolution, request the people's court to annul it, except in cases where there are only minor defects in the procedure for convening the meeting or the voting method used in the meeting, which had no material impact on the resolution.

Where the Board, shareholders and other stakeholders dispute the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the court. Before the court makes a judgement or ruling revoking the resolution, the stakeholders shall execute the resolution of the shareholders' meeting. The Company, its directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

In the event that a director or a senior management officer other than a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when performing his/her duties for the Company, thus causing losses to the Company, the shareholders who either individually or jointly having been holding more than 1% of shares of the Company for 180 consecutive days or more shall have the right to request in writing that the Audit Committee bring legal action before the People's Court. In the event that a member of the Audit Committee violates laws, administrative regulations or the Articles of Association when executing his/her duties for the Company, thus causing losses to the Company, the aforementioned shareholders may request in writing that the Board bring legal action before the People's Court.

In the event that the Audit Committee or the Board refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding paragraph, or does not take legal action within 30 days of receiving such a request, or any emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraphs shall have the right to bring legal action directly before the People's Court in their own names in the interests of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first paragraph of this Article may bring legal action before the People's Court in accordance with the provisions of the preceding two paragraphs.

In the event that a director, supervisor, or senior management officer of a wholly-owned subsidiary of the Company violates the provisions of laws, administrative regulations, regulatory rules of the place where the Company's Shares are listed or the Articles of Association when performing his/her duties, thus causing losses to the Company, or in the event that any other party infringes upon the legitimate rights and interests of a wholly-owned subsidiary resulting in losses, the shareholders who either individually or jointly having been holding more than 1%

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of Shares of the Company for 180 consecutive days or more may, in accordance with the first three paragraphs of Article 189 of the Company Law, request in writing that the supervisory committee or the Board of a wholly-owned subsidiary bring legal action before the People’s Court or bring legal action directly before the People’s Court in their own names.

In the event that a director or a senior management officer violates laws, administrative regulations, regulatory rules of the place where the Company’s Shares are listed or the Articles of Association, thus causing damage to the interests of shareholders, the shareholders may bring legal action before the People’s Court.

Shareholders of the Company shall assume the following obligations:

1. to abide by the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s Shares are listed and the Articles of Association;
2. to pay subscription monies as per the Shares subscribed for and the method of subscription;
3. not to withdraw the share capitals unless prescribed otherwise in laws, regulations, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company’s Shares are listed;
4. not to abuse shareholders’ rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders’ limited liabilities to impair the interests of the creditors of the Company;

Other obligations shall be assumed as prescribed by the laws, administrative regulations, the securities regulatory rules of the place where the Company’s Shares are listed and the Articles of Association.

In the event that a shareholder of the Company abuses his/her rights, thus causing losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the laws.

In the event that a shareholder of the Company abuses the Company’s independent status of legal person and shareholders’ limited liability to evade debts, thus seriously prejudicing the interests of the Company’s creditors, he/she shall be jointly and severally liable for the Company’s debts.

In the event that a shareholder holding more than 5% of the voting shares of the Company pledges the Shares he/she holds, he/she shall report to the Company in writing on the date of making the pledge.

The controlling shareholder and de facto controller of the Company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, the provisions of the CSRC and stock exchanges to safeguard the interests of the listed company.

Where a controlling shareholder or de facto controller of the Company does not serve as a director of the Company but actually conducts affairs of the Company, the provisions hereof regarding the duty of faith and duty of diligence of directors shall apply. Where a controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall bear joint and several liability with the director or senior management officer. Where a controlling shareholder or de facto controller pledges the Shares of the Company that he/she holds or effectively controls, he/she shall maintain the stability of the Company’s control and that of its production and operation. Where a controlling shareholder or de facto controller transfers the Shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of Shares set out in laws, administrative regulations, the regulations of the CSRC and stock exchanges, as well as his/her undertakings in respect of restrictions on the transfer of Shares.

GENERAL PROVISIONS FOR SHAREHOLDERS’ MEETINGS

The shareholders’ meeting is the authority of the Company and shall exercise the following duties and powers in accordance with the law:

1. to elect and replace directors who are not employee representatives, and to determine matters relating to the remuneration of the relevant directors;
2. to consider and approve the report of the Board;

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3. to consider and approve the Company's annual financial budgets and final accounts;
4. to consider and approve the Company's profit distribution plan and loss recovery plan;
5. to make a resolution on the increase or decrease of the registered capital of the Company;
6. to make a resolution on the issuance of corporate bonds;
7. to make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the type of the Company;
8. to amend the Articles of Association;
9. to make a resolution on the Company's engagement, dismissal of an accounting firm that undertakes the Company's auditing business;
10. to consider and approve the guarantees as prescribed in the Article of Association;
11. to consider and approve matters relating to the Company's purchase or sale of material assets within one year in excess of 30% of the Company's latest audited total assets and transactions stipulated in the Articles of Association;
12. to consider and approve changes in the use of proceeds;
13. to consider and approve an equity incentive plan and employee stock ownership plan;
14. to consider and approve the related party transactions (excluding provision of guarantees) which the Company entered into with related parties with an amount of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company;
15. to make resolutions concerning the acquisition of the Company's Shares under the circumstances as stipulated in the Articles of Association;
16. to determine the issuance of shares authorized the Board by the annual shareholders' meeting of the Company with a total financing amount of not more than RMB300 million and not more than 20% of the net assets as at the end of the latest year to specific subscriber(s), and such authorization will expire on the date of the annual shareholders' meeting for the next year;
17. to consider other matters on which decisions shall be made by a shareholders' meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The aforesaid powers of the shareholders' meeting shall not be exercised by the Board or any other institution or individual on its behalf upon authorization. However, when relevant resolutions are voted on by the shareholders' meeting, the Board may be authorized to handle or implement the matters stipulated in the resolutions, or relevant individuals can be authorized by the Board to do so.

The Company shall convene an extraordinary general meeting within 2 months of the happening of an event if:

1. the number of directors is below the required quorum as prescribed in the Company Law or is less than 2/3 of the specified quorum hereunder;
2. the losses not yet made up by the Company account for 1/3 of the total share capital;
3. the shareholders individually or jointly holding 10% of shares of the Company (including treasury shares) make a request;
4. as the Board considers it necessary;
5. as the Audit Committee proposes convening the meeting;

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There are other cases as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

CONVENING OF SHAREHOLDERS' MEETINGS

With the consent of a majority of all independent directors, the independent directors shall have the right to propose to the Board the convening of an extraordinary general meeting. With respect to this proposal, the Board shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, bring forward a feedback opinion in writing, within 10 days of receiving the proposal, on agreeing or disagreeing with convening the extraordinary general meeting. In the event that the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' meeting within 5 days of making a resolution. In the event that the Board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee's proposal to the Board for the convening of an extraordinary general meeting shall be made in writing. The Board shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, bring forward a feedback opinion in writing, within 10 days of receiving the proposal, on agreeing or disagreeing with convening the extraordinary general meeting. In the event that the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening a general meeting within 5 days of making a resolution. Any changes in the original proposal in the notice shall be approved by the Audit Committee. In the event that the Board does not agree to convene the extraordinary general meeting or does not make any feedback within 10 days of receiving the proposal, the Board shall be deemed as being unable to or as being not to perform the duty of convening the shareholders' meeting. The Audit Committee may convene and preside over a meeting on their own.

Shareholders individually or jointly holding more than 10% of Shares of the Company (excluding treasury shares) to request the Board for convening an extraordinary general meeting, shall do so in writing. The Board shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, bring forward a feedback opinion in writing, within 10 days of receiving the request, on agreeing or disagreeing with convening the extraordinary general meeting. In the event that the Board agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' meeting within 5 days of making a resolution. Any changes in the original request in the notice shall be approved by the relevant shareholders. In the event that the Board does not agree to convene the extraordinary general meeting or does not make any feedback within 10 days of receiving the request, shareholders individually or jointly holding more than 10% of shares of the Company shall propose to the Audit Committee the convening of an extraordinary general meeting, and shall do so in writing. In the event that the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening a shareholders' meeting within 5 days of receiving the request. Any changes in the original request in the notice shall be approved by the relevant shareholders. In the event that the Audit Committee does not issue a notice of extraordinary general meeting within the prescribed time limit, it shall be deemed as being not to convene and preside over the meeting. Shareholders who individually or jointly have been holding more than 10% of Shares of the Company (excluding treasury shares) for consecutive 90 days may convene and preside over a meeting on their own.

PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

The content of proposals shall fall within the functions and powers of the shareholders' meeting, have clear subject for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

The Board, the Audit Committee and shareholders individually or jointly holding more than 1% of Shares of the Company shall have the right to submit proposals to the Company on holding a shareholders' meeting.

Shareholders that hold, individually or collectively, 1% or more of the Shares of the Company may submit ad hoc proposals in writing to the convener 10 days before the convening of the shareholders' meeting. The convener shall give a supplemental notice of the shareholders' meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals and submit the ad hoc proposals to the shareholders' meeting for consideration, except for the cases where an ad hoc proposal violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, or does not fall within the scope of the authority of the shareholders' meeting. If the shareholders' meeting is postponed due to the issuance of a supplementary notice of the shareholders' meeting in accordance with

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the provisions of the securities regulatory rules of the place where the Company's Shares are listed, the convening of the shareholders' meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed.

Except for the circumstances provided for in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice of the shareholders' meeting.

The shareholders' meeting shall not vote and make resolutions on proposals that are not specified in the notice of the shareholders' meeting or do not conform to the provisions of the Articles of Association.

The convener shall give 21 days' prior notice of an annual shareholders' meeting, and 15 days' prior notice of an extraordinary meeting by way of written announcement to each shareholder. In determining the commencement date and the period, the date on which the meeting is held shall not be included.

A notice of a shareholders' meeting shall include the following:

1. the time, venue and duration of the meeting;
2. matters and proposals submitted to the meeting for consideration;
3. a prominent written statement that all shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
4. the record date of registration of shareholders entitled to attend the shareholders' meeting;
5. the interval between the shareholding record date and the date of the meeting shall be no less than 2 business days and no more than 7 business days. The shareholding record date shall not be changed once confirmed.
6. the name and telephone number of the regular contact person for the meeting;

Notices or supplementary notices of shareholders' meetings shall adequately and completely disclose the specific contents of all proposals, as well as all the materials or explanations necessary for shareholders to make a reasonable judgment on the matters to be discussed.

After the shareholders' meeting notice has been issued, the venue for the shareholders' meeting shall not be changed, nor shall it be postponed or cancelled without a valid reason, and the proposals listed in the notice should not be cancelled. In the event of any changes in venue, the postponement or cancellation of the meeting, the convener shall announce and explain the reasons at least two business days before the originally scheduled date. If the securities regulatory rules of the place where the Company's Shares are listed have special provisions regarding the procedures for postponing or cancelling a shareholders' meeting, these provisions shall be followed, provided that they do not violate the regulatory requirements of the domestic jurisdiction.

CONVENING OF SHAREHOLDERS' MEETING

Shareholders may attend the shareholders' meeting in person, or they may entrust proxies to attend and vote on their behalf. Shareholders are entitled to speak and vote at shareholders' meetings unless specific shareholders are required by the Hong Kong Listing Rules to abstain from voting on specific matters.

If the shareholders' meeting requests the attendance of directors and senior management members, the directors and senior management members shall attend the meeting and accept the enquiry of shareholders.

A shareholders' meeting shall be presided over by the chairperson of the Board. Where the chairperson of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a deputy chairperson. Where the deputy chairperson of the Board is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

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A shareholders' meeting convened by the Audit Committee on its own shall be chaired by the convener of the Audit Committee. In the event that the convener of the Audit Committee is unable to or fails to perform his/her duties, a member of the Audit Committee jointly elected by more than half of members of the Audit Committee shall chair the meeting.

A shareholders' meeting convened by shareholders on their own shall be chaired by a representative elected by the convener.

During a shareholders' meeting, in the event that the host of the meeting violates the rules of procedure so that the shareholders' meeting cannot proceed, a person may be elected as the host of the meeting thereat to proceed with the meeting with the consent of the shareholders with a majority of the voting rights present at the meeting.

The Company formulates the rules of procedure of the shareholders' meeting, which stipulate in detail the summoning, convening and voting procedures of the shareholders' meeting, including notice, registration, consideration of proposals, voting, counting, announcement of voting results, formation of meeting resolutions, meeting minutes and signings and announcements, etc., as well as the authorization principles of the shareholders' meeting to the Board, and the authorization content should be clear and specific. The rules of procedure of the shareholders' meeting shall be annexed to the Articles, drawn up by the Board and approved by the shareholders' meeting.

VOTING AND RESOLUTIONS AT SHAREHOLDERS' MEETINGS

The resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' meeting shall be passed by more than 1/2 of the voting rights held by the shareholders present at the shareholders' meeting (including proxies). A special resolution at a shareholders' meeting shall be passed by at least 2/3 of the voting rights held by the shareholders (including proxies) present at the shareholders' meeting.

The following matters shall be approved by the shareholders' meeting through ordinary resolutions:

1. the work reports of the Board;
2. Board's proposed profit distribution plan and loss recovery plan;
3. the appointment and removal of members of the Board and their remuneration and payment methods;
4. annual financial budgets and final accounts of the Company;
5. the annual report of the Company;
6. the engagement and dismissal of the accounting firm and the resolution on the remuneration arrangements for the accounting firm;
7. Other matters other than those approved by special resolutions stipulated in the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the shareholders' meeting:

1. the increase or reduction of the registered capital of the Company;
2. division, merger, change in the form of the Company, dissolution or liquidation of the Company;
3. amendments to the Articles of Association;
4. the purchase and sale of material assets or amount of guarantee provided by the Company within one year in excess of 30% of the latest audited total assets of the Company;
5. issuance of shares, convertible corporate bonds, preferred shares and other securities recognized by the CSRC;

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6. repurchasing shares for cancellation;
7. material asset restructuring;
8. equity incentive plans;
9. the resolution of a shareholders' meeting to voluntarily withdraw the listing of its shares on the stock exchange and its decision to cease trading on stock exchanges or application for trading on or transfer to another stock exchange;
10. other matters which have a significant impact on the Company and need to be passed by way of a special resolution as determined by the shareholders' meeting with an ordinary resolution;
11. adjustment or change to the profit distribution policy as determined by the Articles of Association;
12. other matters approved by ordinary resolutions of the shareholders' meeting pursuant to laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's Shares are listed or rules of procedure of shareholders meeting, which have a significant impact on the Company and need to be passed by way of a special resolution.

Shareholders shall exercise their voting rights represented by the number of voting shares. Each share shall have one voting right, except for class shareholders. Where there is another provision in the securities regulatory rules of the place where the Company's Shares are listed, such provision shall prevail.

Where material issues affecting the interests of small and medium investors are being considered in the shareholders' meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed.

The Shares of the Company held by the Company itself do not have voting rights, and such Shares shall not be included in the total number of voting shares present at the shareholders' meeting. If the shareholder's purchase of the voting shares of the Company violates paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares in excess of the prescribed proportion shall not be exercisable within 36 months after the purchase and shall not be included in the total number of voting shares present at the shareholders' meeting.

Pursuant to the relevant law, regulations and requirements of the securities regulatory rules of the place where the Company's Shares are listed, if any shareholder is required to abstain from voting on a relevant resolution or restricted to voting only for or against a particular resolution, the number of votes cast by such shareholder or his/her proxy in breach of the aforesaid requirements or restrictions shall not be included in the voting results.

The Board of the Company, independent directors, shareholders holding one percent or more of the voting shares, or investor protection organizations established in accordance with laws, administrative regulations or the provisions of the securities regulatory authorities of the place where the Company's Shares are listed may act as solicitors, and publicly solicit the shareholders of the listed company, either by themselves or through an entrusted securities firm or securities service provider, to engage them as proxies to attend the shareholders' meeting and exercise their rights of proposal or voting rights on their behalf. The solicitation of voting rights from shareholders shall fully disclose specific voting intentions and other information to the solicited person. Solicitation of voting rights from shareholders by way of compensation or disguised compensation is prohibited. The Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

Interested shareholders may attend the shareholders' meeting and may express their views to the shareholders present in accordance with the procedures of the meeting, but shall not take part in voting when connected transactions are being considered at a shareholders' meeting. The number of shares with voting rights represented by them shall not be included in the total number of valid votes; the announcement on the resolutions made at a shareholders' meeting shall fully disclose details of voting by non-interested shareholders.

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BOARD OF DIRECTORS

Directors

Directors of the Company may include executive directors, non-executive directors, and independent directors. Non-executive directors refer to directors who do not hold operational management positions in the Company. A person may not serve as a director of the Company if any of the following circumstances applies:

1. persons who have no or restricted capacity for civil conduct;
2. persons who were sentenced to criminal punishment due to corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or who have been deprived of political rights due to any criminal offenses, where less than five years have lapsed since the expiration of the execution period, or who were granted probation, where less than two years have lapsed since the expiration of the probationary term;
3. persons who served as a director, factory manager or manager of a company or an enterprise that declared insolvent and liquidated and were personally liable for the insolvency of such company or enterprise, and less than three years have lapsed since the date of completion of the insolvency and liquidation of that company or enterprise;
4. persons who served as the legal representative of a company or an enterprise of which the business license was revoked and was ordered to close down due to violation of laws and who was personally liable for such revocation and closure, where less than three years have lapsed since the date of the revocation of the business license of that company or enterprise and was ordered to close down;
5. persons who have a substantial amount of personal debts due and unsettled and is listed as a mala fide judgment debtor by a People's court;
6. persons who are penalized by the CSRC to be prohibited from participating in the securities markets with a period yet to be expired;
7. persons who were publicly identified by a stock exchange as unsuitable for serving as directors, senior management members, etc., of a listed company, where the restriction period has not expired;
8. other circumstances stipulated in laws, administrative regulations, departmental rules or the listing rules of the places where the Company's Shares are listed.

If the election or appointment of a director has violated this Article, such election, appointment or employment shall be invalid. If any of the circumstances under this Article occurs during the period of employment of a director, the Company shall dismiss the director from his/her office and cease his/her performance of duties.

The directors shall be elected or replaced at a shareholders' meeting, and any director (including executive directors) may be removed from office prior to the expiry of their tenure by way of an ordinary resolution passed at a shareholders' meeting. Such removal shall not prejudice the director's claim for damages under any contract. The term of office of a director shall be three years. Upon expiry of the term of office of a director, a director may be re-elected and re-appointed in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed. Directors may be removed by the shareholders' meeting before the term of office expires.

A director's term of office commences from the date of taking office, until the current term of office of the Board ends. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

A senior management officer may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as the senior management members and directors who are employee representatives shall not exceed 1/2 of all the directors of the Company.

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The directors shall comply with laws, administrative regulations and the Articles of Association, and shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their positions and powers to seek improper benefits. The directors shall bear the following fiduciary obligations towards the Company:

1. not to embezzle the Company's property or misappropriate the Company's funds;
2. not to open accounts in their own names or other individuals' names for the deposit of the Company's funds;
3. not to exploit their positions to bribe or accept other illegal income;
4. not to directly or indirectly enter into any contract or perform any transaction with the Company without reporting to the Board or the shareholders' meeting and obtaining approval through a resolution of the Board or the shareholders' meeting in accordance with the provisions of the Articles of Association;
5. not to exploit their positions to seek for themselves or others any business opportunities that would otherwise belong to the Company, except when reported to the Board or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or when the Company is unable to utilize such business opportunities according to the provisions of laws, administrative regulations, or the Articles of Association;
6. not to operate on their own or for others any business that is of the same kind as the Company's business without reporting to the Board or the shareholders' meeting and obtaining approval through a resolution of the shareholders' meeting;
7. not to accept commissions from transactions between others and the Company for their own benefit;
8. not to disclose the secrets of the Company without authorization;
9. not to use their relationships to prejudice the Company's interests;
10. to fulfill other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

Directors shall abide by laws, administrative regulations and the Articles of Association, exercise the reasonable care that shall be generally possessed by a manager for the best interests of the Company when performing their duties and owe the following duty of diligence to the Company:

1. shall exercise the rights conferred by the Company in a prudent, conscientious and diligent manner, so as to ensure that the business activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that the commercial activities do not go beyond the scope stipulated in the business license;
2. shall treat all shareholders fairly;
3. shall maintain a timely awareness of the operation and management of the Company;
4. shall sign written confirmations on the regular reports of the Company and ensure that the information disclosed by the Company is true, accurate and complete;
5. shall truthfully provide relevant information and materials to the Audit Committee, and shall not obstruct the Audit Committee from performing its functions and powers;
6. shall discharge other duties of diligence as required by laws, administrative regulations, departmental rules and the Articles of Association.

Directors may resign prior to the expiration of their terms of office. The directors to resign shall submit written resignation reports to the Company, and the resignation shall take effect on the date the Company receives the resignation reports. Relevant disclosure shall be made by the Company within 2 trading days or the period required

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by the securities regulatory rules of the place where the Company's Shares are listed. If the member of directors falls below the minimum statutory requirement due to a director's resignation, or if there is no accounting professional among the independent directors as a result of the resignation of an independent director, the former directors shall still perform their duties as directors in accordance with the requirements of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association before the appointment of the re-elected directors.

If a director's resignation takes effect or his/her term of office expires, he/she shall complete all handover procedures with the Board. His/her fiduciary obligations to the Company and its shareholders shall not be automatically relieved upon the termination of his/her term of office. His/her obligation to keep the Company's business secrets confidential shall remain in effect after the termination of his/her term of office until such secrets become public information. The liability that a director should bear for actions taken while performing duties during their term of office shall not be exempted or terminated due to their termination. The duration of other fiduciary duties incumbent on a director, not provided for in the contract of appointment, shall be determined in accordance with the principle of fairness, depending on the time lapse between the occurrence of the matter and the termination as well as the circumstances and conditions under which the relationship with the Company is terminated.

No director may act in his/her name on behalf of the Company or the Board without the lawful authorization under the provisions of the Articles of Association or by the Board. Where a director acts in his/her own name, the director shall declare in advance his/her position and identity in the case that a third party would reasonably believe that the director is acting on behalf of the Company or the Board.

The Company shall have independent directors. An independent director refers to the director who holds no position in the Company other than the position of a director, and who has no direct or indirect conflicts of interest with the Company, its major shareholders, or its de facto controller, nor any other relationship that might affect his/her capacity for independent and objective judgment. An independent director shall conscientiously perform his/her duties and play a role in decision-making, exercising supervisory checks and balances and providing professional advice as a member of the Board pursuant to laws, administrative regulations, the provisions of the CSRC and the stock exchange(s) as well as the Articles of Association, thus safeguarding the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders.

Board of Directors

The Company shall have a Board, which shall be accountable to the shareholders' meeting.

The Board shall consist of 9 directors, including 4 independent directors, 1 chairperson and 1 vice-chairperson.

The Board shall exercise the following functions and powers:

1. to convene shareholders' meetings and report its work to the shareholders' meetings;
2. to implement the resolutions of the shareholders' meetings;
3. to determine the business plans and investment plans of the Company;
4. to formulate the Company's annual financial budgets and final accounting plans;
5. to formulate the Company's profit distribution plan and loss recovery plan;
6. to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
7. to formulate the Company's plans for significant acquisition, acquisition of the Company's Shares or merger, division, dissolution and change of company form;
8. to decide, within the scope of the authorization granted by the shareholders' meeting, on the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, etc;
9. to decide on the establishment of the Company's internal management body;

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

10. to decide on the appointment or dismissal of the general manager, secretary to the Board, and to decide on the appointment or dismissal of senior management members, such as the deputy general manager, chief financial officer of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;
11. to formulate the basic management system of the Company;
12. to formulate the proposals for any amendment to the Articles of Association;
13. to manage information disclosure of the Company;
14. to propose to the shareholders' meeting on appointment or change of the accounting firms which provide audit services to the Company;
15. to listen to work reports of the general manager of the Company and inspect his/her work;
16. subject to compliance with the securities regulatory rules of the place where the Company's Shares are listed, to decide on the acquisition of the Company's Shares due to circumstances stipulated in items 3, 5 and 6 above by a resolution of the Board with more than two-thirds of the directors attending the Board meeting;
17. other functions and powers conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The chairperson and deputy chairman of the Board shall be elected by more than half of all directors.

The vice-chairman of the Company shall assist the chairperson of the Board in his/her work. If the chairperson of the Board is unable or fails to perform his/her duties, the vice-chairperson shall perform his/her duties; if the vice-chairperson is unable or fails to perform his/her duties, one director jointly nominated by more than half of the directors shall perform his/her duties.

The Board meeting shall be held at least four times a year, about once every quarter. Meetings of the Board shall be convened by the chairperson of the Board by giving a written notice to all directors 14 days before the meeting is convened. Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors or the Audit Committee may propose to convene an extraordinary meeting of the Board. The chairperson of the Board shall convene and preside over a board meeting within ten days after receiving the proposal.

The Board meeting shall be held only when more than half of the directors are present. Except as otherwise provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association and its appendices, a resolution of Board meeting must be passed with affirmative votes of more than half of all directors.

Resolutions of the Board are voted by way of poll with each director having one vote.

Where a director has any connected relationship with the enterprise(s) or individual(s) involved in the matter to be decided at the Board meeting, he/she shall not exercise his/her voting rights on the resolution, nor shall he/she exercise his/her voting rights on behalf of other directors. Such Board meeting may be held when more than half of the non-connected directors attend the meeting, and the resolutions made at such Board meeting shall require adoption by more than half of all the non-connected directors. If the number of non-connected directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' meeting for consideration. If there are any additional restrictions imposed by laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed are listed on the participation of directors in the Board meetings and voting, such provisions shall prevail.

Directors shall attend Board meetings in person. If any director is unable to attend the meeting for any reason, he/she may by a written power of attorney appoint another director to attend the meeting on his/her behalf. The power of attorney shall include the name of the proxy, the subject, scope of authorization and validity period, which shall be signed or officially sealed by the appointing director. A director appointed as the representative of another director

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

to attend the meeting shall exercise the rights of a director within the scope of authorization. Where a director does not attend a Board meeting and does not appoint a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her voting rights in such meetings.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed by the Board.

The Company shall have several deputy general managers, who shall be appointed or dismissed by the Board.

The general manager, the deputy general managers, the secretary to the Board, and the chief financial officer are senior management members of the Company.

The working rules of the general manager shall include the following:

1. the conditions and procedures for convening, and participants of the general manager meetings;
2. respective duties and division of labor among the general manager and other senior management members;
3. the use of funds and assets of the Company, the authority to enter into material contracts and the systems for reporting to the Board;
4. other matters deemed necessary by the Board.

The Company shall have a secretary to the Board, who is responsible for preparing for the shareholders' meetings and the meetings of the Board, keeping documents and management of shareholders' materials and handling matters relating to information disclosure, etc. The secretary to the Board is a senior management member of the Company, and the relevant provisions for senior management of the Company stipulated in laws, regulations and the Articles of Association shall apply to the secretary to the Board.

If a senior management member, in the course of performing his/her duties for the Company, causes damage to others, the Company shall be liable for compensation. If a senior management member is found to have acted with willful or material default, he/she shall also be liable for compensation. Where a senior management member violates any laws, administrative regulations, departmental rules or the Articles of Association in performing his/her duties for the Company, causing losses to the Company, he/she shall be liable for compensation.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and provisions of relevant state departments.

The Company shall prepare financial accounting reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The Company shall deliver its annual financial and accounting report to the CSRC branches and the stock exchanges within 4 months from the ending date of each financial year, shall deliver its interim financial and accounting report to the CSRC branches and stock exchanges within 2 months from the ending date of the first six months of each financial year, and deliver its quarterly financial and accounting report to the CSRC branches and the stock exchanges within 1 month from the ending dates of the first 3 months and first 9 months respectively of each financial year. The above financial and accounting reports shall be prepared according to the laws, administrative regulations, departmental rules and regulatory rules in the place where the Company's shares are listed.

The Company shall have no accounting books other than the statutory books. The Company's assets shall not be deposited in any account opened under the name of an individual.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Profit Distribution

Where the Company distributes its after-tax profits of the current year, it shall draw 10 percent of the profits as the Company's statutory common reserve. The Company may stop drawing if the accumulative balance of the common reserve has already accounted for over 50 percent of the Company's registered capital. If the accumulative balance of the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous year, the current year's profits shall be used first for making up the losses before the statutory common reserve is drawn therefrom according to the provisions of the preceding paragraph.

After the Company draws the statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders' meeting, draw a discretionary common reserve from the after-tax profits. After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to shareholders in light of their proportions of shares held unless otherwise specified in the Articles of Association. If the shareholders' meeting distributes the profits by violating the provisions of the Articles of Association before the losses are made up and the statutory common reserves are drawn, the profits distributed must be refunded to the Company. If the Company suffers losses as a result, the shareholders, the responsible directors and senior management shall bear the liability for compensation. No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The common reserves of the Company is used to make up the Company's losses, increase the production operation of the Company or increase the Company's capital. When the common reserve fund is used to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be utilized first; if the losses still cannot be made up, the capital reserve fund may be used according to relevant regulations. When the statutory common reserve is converted into an increase in registered capital, the remaining balance of that reserve shall not be less than 25% of the registered capital of the Company before the conversion.

The Company will strictly implement the cash dividend policy determined in the Articles of Association and the specific cash dividend plan considered and approved by the shareholders' meeting. Should there be a need to adjust the profit distribution policy, especially the cash dividend policy, due to significant changes in the external business environment or the Company's own business conditions, it shall take the protection of shareholders' rights and interests as the key point, and the reasons shall be discussed and explained in details in the proposal submitted to the shareholders' meeting; the adjusted profit distribution policy shall not violate the relevant regulations of the CSRC and the stock exchanges.

The Company may distribute profit in the form of cash, shares, or by the combination of cash and shares, and shall adopt cash distribution provided that the conditions for cash distribution are satisfied. The Company can carry out interim profit distribution. The objective of the cash dividend policy of the Company is to stabilise dividend growth.

Internal Audit

The Company shall establish an internal audit department to inspect and supervise the establishment and implementation of the Company's internal control system and the truthfulness and integrity of the Company's financial information.

The internal audit institution is accountable to the Board of Directors. The internal audit institution shall be subject to the supervision and guidance of the audit committee in the course of its supervising and inspecting the Company's business activities, risk management, internal control and financial information.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place where the Company's shares are listed to conduct accounting statement audit, net asset verification and other related consulting services. The term of appointment is one year and can be re-appointed.

The appointment and dismissal of accounting firm by the Company shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the audit committee, and shall be decided by the shareholders' meeting. The Board of Directors may not appoint accounting firm before the approval of the shareholders' meeting.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

The Company shall guarantee to provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The auditing fees payable to the accounting firm shall be determined by the shareholders' meeting.

The Company shall notify the accounting firm 20 days in advance when dismissing or no longer re-appointing the accounting firm. The accounting firm shall be allowed to state its opinions when the shareholders' meeting votes on dismissing the accounting firm. Where the accounting firm resigns its office, it shall make clear to the shareholders' meeting whether or not there are irregularities in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. Merger by absorption means that a company absorbing another company and the company being absorbed shall be dissolved. Merger by establishment of a new entity means that a merger of two or more companies through the establishment of a new company and the companies being consolidated shall be dissolved.

As for a merger, the parties to the merger shall conclude an agreement and prepare balance sheets and checklists of properties. The Company shall inform creditors of the merger within 10 days from the date when the merger resolution is passed, and make announcements of the merger on newspapers or the National Enterprise Credit Information Publicity System within 30 days from that date. Within 30 days after receipt of the notices or (for those who have not received the notices) within 45 days after publication of the announcement, the creditors are entitled to require the Company to settle the debts or to provide corresponding guarantees.

After the merger of the Company, the credits and debts of all the parties thereto will be inherited by the continuing company or the newly formed company after the merger.

In case of a division, the Company's properties shall be divided accordingly. In case of a division of the Company, balance sheets and checklists of properties shall be prepared. The Company shall inform the creditors within 10 days after the date of making the resolution for such division, and make announcements on newspapers or media as required by Article 194 of the Articles of Association and the National Enterprise Credit Information Publicity System within 30 days. Where the securities regulatory rules of the place where the Company's shares are listed contain additional provisions, the parties shall comply with such provisions. Debts incurred by the Company before its division shall be jointly and severally borne by the company which exists after the division, except otherwise prescribed when the Company has reached a written agreement on debt settlement with the creditors before the division.

The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within 10 days from the date of making the resolution on reduction in registered capital and shall publish an announcement on newspapers or media as required by Article 196 of the Articles of Association and the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right, within 30 days after receipt of such notice from the Company, or within 45 days as of the date of the announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts. The Company shall reduce contributed amounts or shares according to shareholding ratios of shareholders when reducing its registered capital, except as otherwise prescribed by laws, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The registered capital of the Company after the reduction of capital shall not be lower than the statutory minimum.

Where any of the registered items is changed during the process of merger or division, the Company shall go through modification registration with the company registration authority according to the law. If the Company is dissolved, it shall be deregistered according to the law. If a new company is established, it shall go through the procedures for company establishment according to the law. In case of the increase or reduction of registered capital of the Company, the Company shall go through modification registration with the corporate registration authority in accordance with laws.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Dissolution and Liquidation

The Company shall be dissolved for the followings:

1. Events which trigger the dissolution of the Company occur;
2. The shareholders' meeting decides to dissolve it;
3. It needs to be dissolved due to merger or division of the Company;
4. The Company's business licence is revoked or it is ordered to close down or it is deregistered according to laws;
5. If the Company gets into serious trouble in operations and management and continual operation may incur material losses of the interests of the shareholders, and no solution can be found through any other channels, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

On the occurrence of the events of dissolution set out in the preceding paragraphs, the Company shall make an announcement on the National Enterprise Credit Information Publicity System within ten days.

Upon the occurrence of the situation mentioned in sub-paragraph 1, 2 of the preceding paragraphs, and where the Company has not yet distributed its property to shareholders, the Company may continue to exist by amending the Articles of Association or by approval by the shareholders' meeting. The amendment to the Articles of Association pursuant to the preceding paragraphs shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' meetings.

Where the Company is dissolved according to the provisions of sub-paragraphs 1, 2, 4 and 5 of the preceding paragraphs, a liquidation committee shall be formed within 15 days from the occurrence of the dissolution events to commence liquidation. The liquidation committee shall be composed of directors or persons confirmed by the shareholders' meeting. If a liquidation committee is not established within the stipulated period, the creditors can apply to the people's court, requesting the court to appoint relevant personnel to form the liquidation committee to carry out liquidation work.

The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on newspapers or the National Enterprise Credit Information Publicity System within 60 days of its establishment. Creditors shall, within 30 days from the date of receipt of notice or (for creditors who have not personally received such notice) within 45 days from the date of the notice, claim for their creditors' rights to the liquidation committee.

When filing their claims, creditors shall explain those creditor-related issues and provide supporting documentation thereon. The liquidation committee shall register such claims.

During the period of claiming of creditors' rights, the liquidation committee shall not make repayment to the creditors.

After liquidating the properties of the Company and preparing balance sheets and checklists of properties, the liquidation committee shall make a plan of liquidation, and report it to the shareholders' meeting or the people's court for confirmation. The remaining properties of the Company after payment of liquidation costs, wages, social insurance premium and statutory compensation, outstanding taxes and debts of the Company, shall be distributed to the shareholders by the Company as per their shareholding percentages.

During the liquidation period, the Company survives, but cannot carry out business activities unrelated to the liquidation. Before the settlement of repayments as prescribed in the preceding paragraphs, the Company's properties shall not be distributed to shareholders.

If the liquidation committee notices that the properties of the Company are insufficient for clearing off the debts after liquidating the properties of the Company and preparing balance sheets and checklists of properties, it shall legally apply to the people's court for liquidation and bankruptcy. Once the people's court accepts the application for the bankruptcy of the Company, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator appointed by the people's court.

APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION OF THE COMPANY

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the shareholders’ meeting or the people’s court for confirmation, and submit it to the company registration authority to apply for company de-registration.

Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation in accordance with laws relating to the enterprise bankruptcy.

Amendment to the Articles of Association

The Company shall amend this Articles of Association on the occurrence of any of the following events:

1. After the amendment to the Company Law or the relevant laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed, the provisions of the Articles of Association are in conflict with the amended laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed;
2. There is change in the Company which makes it inconsistent with the Articles of Association;
3. The amendments to the Articles of Association have been decided by the shareholders’ meeting.

Amendments to the Articles of Association passed by resolutions at the shareholders’ meeting shall be required to be examined and approved by the competent authorities, and shall be submitted to the competent authorities for approval. If there is any change relating to the registered particulars of the Company, the changes shall be registered in accordance with law.

The Board of Directors shall revise the Articles of Association in accordance with the resolution of the shareholders’ meeting regarding the revision of the Articles of Association and the approval opinion from the competent authorities.

Where the amendment to the Articles of Association is related to the information required to be disclosed by laws and regulations, such changes, in accordance with laws or regulations, shall be announced.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(A) FURTHER INFORMATION ABOUT OUR GROUP

1 Incorporation

Our Company was established in the PRC on November 4, 2002 and our A Shares have been listed on the Shenzhen Stock Exchange since February 2010. Our Company has established a place of business in Hong Kong at [Room 1920, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay, Hong Kong], and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●], 2025. Ms. Leung of Room 1920, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong has been appointed as our agent for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in “Regulatory Overview” and Appendix III to this document, respectively.

2 Changes in Share Capital of our Company

Save as disclosed in “History and Corporate Structure” in this document, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3 Changes in Share Capital of our Subsidiaries

In August 2023, the registered capital of Hefei BlueFocus Data Technology Co., Ltd. (合肥藍色光標數據科技有限公司) increased from RMB35 million to RMB40 million.

In August 2023, the registered capital of Domob Zhisheng Network Technology (Beijing) Co., Ltd. (多盟智勝網絡技術(北京)有限公司) increased from RMB10 million to RMB100 million.

In October 2023, the registered capital of Shenzhen Xiaosen Huyu Co., Ltd. (深圳小森互娛有限公司) increased from RMB5 million to RMB10 million.

In December 2023, the share capital of BLUEFOCUS INTERNATIONAL LIMITED (藍色光標國際傳播集團有限公司) increased from HKD1,432,329,678 to HKD1,723,780,617.

In December 2023, the registered capital of Blue Universe Digital Technology Co., Ltd. (藍色宇宙數字科技有限公司, “Blue Universe Digital”) increased from RMB100 million to RMB150 million.

On November 24, 2023, our subsidiary Ruida Zhisheng Co., Ltd. (睿達智勝有限公司) has been deregistered.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

In March 2024, the registered capital of Lanhan (Xiamen) Marketing Technology Co., Ltd. (藍瀚(廈門)營銷科技有限公司) increased from USD20 million to USD60 million.

In March 2024, the registered capital of Domob Ruida Technology (China) Co., Ltd. (多盟睿達科技(中國)有限公司) increased from USD20 million to USD40 million.

In April 2024, the registered capital of Blue Xinghe Media Technology (Beijing) Co., Ltd. (藍色星合傳媒科技(北京)有限公司) increased from USD16.7 million to USD36.7 million.

In July 2024, the registered capital of Shannan Dongfang Bojie Advertising Co., Ltd., Tibet (西藏山南東方博傑廣告有限公司) increased from RMB543.2 million to RMB60 million.

On August 2, 2024, our subsidiary SNK AD LIMITED (思恩客(香港)廣告有限公司) has been deregistered.

In October 2024, the share capital of BLUEMEDIA PTE. LTD. increased from USD3 million to USD8 million.

In November 2024, the registered capital of BlueFocus Unlimited Connectivity (Beijing) Investment Management Co., Ltd. (藍色光標無限互聯(北京)投資管理有限公司) increased from RMB10,000 to RMB11,000.

In December 2024, the share capital of BCGOA INVESTMENT LLC decreased from USD163,842,882 to USD161,617,882.

In June 2025, Blue Universe Digital, one of our wholly-owned subsidiaries, disposed 51% equity interest in Beijing Moyin Future Technology Co., Ltd. (北京魔因未來科技有限公司, “**Beijing Moyin**”) to Beijing Dayanse Information Technology Co., Ltd. (北京大顏色信息科技有限公司), which was an Independent Third Party as of the Latest Practicable Date. Upon the completion of such disposal, Beijing Moyin cease to be a subsidiary of our Group.

Save as disclosed above, there has been no alteration in the share capital of our Subsidiaries within the two years immediately preceding the date of this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

4 Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on June 23, 2025, the following resolutions, among other things, were duly passed:

- (a) the [REDACTED] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H shares to be issued before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H shares to be issued;
- (c) subject to the completion of the [REDACTED], the Articles of Association has been approved and adopted, which shall only become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (d) authorizing our Board and its authorized persons to handle all relevant matters relating to, among other things, the [REDACTED], the issue of H Shares and the [REDACTED].

(B) FURTHER INFORMATION ABOUT OUR BUSINESS

1 Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) a share purchase agreement dated June 23, 2025 and entered into by, among others, Aries Global Ltd. and BlueFocus International Limited (藍色光標國際傳播集團有限公司), pursuant to which Aries Global Ltd. agreed to sell, and BlueFocus International Limited (藍色光標國際傳播集團有限公司) agreed to acquire 75% of equity interests in ARIES INTERNATIONAL LTD at a consideration of US\$1,626,059; and
- (b) [REDACTED].

APPENDIX IV STATUTORY AND GENERAL INFORMATION

2 Intellectual Property Rights

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 or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration Number	Expiry Date
1.		the Company	PRC	41	6762465	September 6, 2030
2.		the Company	PRC	35	6762467	July 27, 2030
3.		the Company	PRC	35	6762468	July 27, 2030
4.		the Company	PRC	35	6762466	July 27, 2030
5.		Blue Universe Digital Technology Co., Ltd.	PRC	41	67657255	August 13, 2033
6.		the Company	Hong Kong	35, 41	303145004	September 22, 2034
7.		the Company	Hong Kong	35, 41	303145013	September 22, 2034

(b) Domain Names

As of the Latest Practicable Date, we owned the following domain names in the PRC which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	bluefocusgroup.com	the Company	July 16, 2025
2.	bluemedia-i.com	Beijing BlueFocus Digital Media Technology Co., Ltd. (北京藍色光標數字傳媒科技有限公司)	September 21, 2025
3.	bluemediagroup.cn	Beijing BlueFocus Digital Media Technology Co., Ltd.	September 21, 2025
4.	bluemediadata.com	Beijing BlueFocus Digital Media Technology Co., Ltd.	September 21, 2025
5.	snkad.com.cn	Beijing Sienke Technology Co., Ltd. (北京思恩客科技有限公司)	December 14, 2027

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(C) FURTHER INFORMATION ABOUT OUR DIRECTORS AND SHAREHOLDERS

1 Particulars of Directors’ Service Contracts and Appointment Letters

Each of the Directors [has entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2 Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and under “Accountants’ Report — Notes to the Historical Financial Information — Note 13 Directors’ and Supervisors’ Emoluments and Five Highest Paid Individuals” in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company in respect of each of the years ended December 31, 2022, 2023 and 2024.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

3 Disclosure of Interests

Interests and Short Positions of our Directors in the Registered Capital of our Company or our Associated Corporations following Completion of the [REDACTED]

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

Name of Director	Nature of interest	A Shares held as of the Latest Practicable Date		Shares held following the completion of the [REDACTED] ⁽¹⁾		
		Number	Approximate Percentage of issued Shares	Number	Approximate Percentage of issued A Shares	Approximate Percentage of total issued Shares
Mr. Zhao . . .	Beneficial owner	140,000,000	3.96%	140,000,000	3.96%	[REDACTED]%
Mr. Xiong Jian	Beneficial owner	1,418,158	0.04%	1,418,158	0.04%	[REDACTED]%
	Interest of spouse	1,400	less than 0.01%	1,400	less than 0.01%	less than [REDACTED]%
Mr. Pan Anmin . . .	Beneficial owner	5,151,006	0.15%	5,151,006	0.15%	[REDACTED]%
Ms. Chen Jianhong . .	Beneficial owner	350,000	0.01%	350,000	0.01%	[REDACTED]%

Note:

(1) The calculations are made assuming the [REDACTED] is not exercised.

Interests and Short Positions Disclosable under Divisions 2 and 3 of Part XV of the SFO

For information, so far as is known to our Directors or chief executive, of each person, other than our Directors or chief executive, no person immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Interests of substantial shareholders in members of our Group (excluding our Company)

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group) were interested in 10% or more of the voting rights at general meetings of our subsidiaries:

Name of subsidiary	Name of substantial shareholder
Beijing BlueFocus Entertainment Media Consulting Co., Ltd. (北京藍色光標娛樂傳媒諮詢有限公司)	Xia Zhiwei (夏志衛) (as to 44%)
Tianjin Qijie Technology Co., Ltd. (天津啟傑科技有限公司)	Liang Mengyi (梁夢依) (as to 45%)
Zhejiang Zhoushan Lanyi Cultural Communication Co., Ltd. (浙江舟山藍怡文化傳播有限公司)	Beijing Zhongyi Senfan Technology Co., Ltd. (北京中怡森帆科技有限公司) (as to 25%)
	Tianyou Technology (Chongqing) Co., Ltd. (天游科技(重慶)有限公司) (as to 25%)
Tianjin Maipian Internet Technology Co., Ltd. (天津邁片互聯科技有限公司) .	Tianjin Luomin Technology Partnership (Limited Partnership) (天津羅敏科技合夥企業(有限合夥)) (as to 10%)
Hefei BlueFocus Data Technology Co., Ltd. (合肥藍色光標數據科技有限公司).	Hefei Anbulu Technology Partnership (Limited Partnership) (合肥安布露科技合夥企業(有限合夥)) (as to 12.5%)
	Hefei Industrial Investment Phase II Venture Capital Fund Partnership (Limited Partnership) (合肥市產業投促二期創業投資基金合夥企業(有限合夥)) (as to 12.5%)
BLUE MEDIA TH CO., LTD	AP AND J LEGAL CO., LTD. (as to 51%)
BlueFocus (Tianjin) Intelligent Technology Co., Ltd. (藍色光標(天津)智能科技有限公司)	Zhong Ming (鐘明) (as to 20%)

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Name of subsidiary	Name of substantial shareholder
Beijing Qingmu Shanlin E-commerce Co., Ltd. (北京青木山林電子商務有限公司).....	Beijing Qinglin Century Information Consulting Center (Limited Partnership) (北京青林世紀信息諮詢中心(有限合夥)) (as to 20%)
Beijing Dalan Intelligent Technology Co., Ltd. (北京大藍智能科技有限公司) .	Zhang Xiulian (張秀蓮) (as to 30%)
Beijing BlueFocus Cultural Tourism Technology Co., Ltd. (北京藍標文旅科技有限公司)	Hanhan Rhino (Beijing) Cultural Technology Co., Ltd. (憨憨犀牛(北京)文化科技有限公司) (as to 15%)

4 The 2023 Stock Incentive Plan

Summary of the 2023 Stock Incentive Plan

Below is a summary of the principal terms of our 2023 Stock Incentive Plan. This plan was approved at the fifth meeting of the sixth session of our Board of Directors held on August 22, 2023, and subsequently approved by our extraordinary general meeting of shareholders held on September 7, 2023, and has been amended from time to time. Given no further shares or options will be granted under the 2023 Stock Incentive Plan after the [REDACTED], the terms of the 2023 Stock Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(1) Purpose

The purpose of 2023 Stock Incentive Plan is to further establish and improve the Company’s long-term incentive mechanism, attract and retain outstanding talent, fully motivate employees, and effectively align the interests among Shareholders, the Company, and employees to ensure that all parties are focused on the Company’s long-term development.

(2) Administration

The 2023 Stock Incentive Plan is administered by the Board of Directors, and subject to approval by the general meeting of Shareholders for its implementation, amendment, and termination.

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(3) Participants

The participants under 2023 Stock Incentive Plan include Directors (excluding independent non-executive Directors), senior management members (excluding any supervisor) of our Company, and other key employees of our Group with 244 participants. The number of underlying Shares corresponding to the 2023 Stock Incentive Plan held by any one participant shall not exceed 1% of the Company’s total issued share capital.

(4) Source and Maximum Number of Shares

The A Shares under the 2023 Stock Incentive Plan is satisfied by way of non-public issuance by the Company.

The number of A Shares subscribed by the 2023 Stock Incentive Plan participants shall not exceed 80,000,000 A Shares. The grant price for each restricted Shares under the 2023 Stock Incentive Plan is RMB4.32 to be paid by participants’ own funds, as approved by our Board on August 29, 2024.

(5) Conditions to the grant of Restricted Shares

Restricted Shares under the 2023 Stock Incentive Plan shall only be granted to eligible participants if all of the following conditions are met. If any of the conditions is not satisfied, the Company shall not proceed with the grant.

With respect to the Company, none of the following circumstances shall have occurred:

- (i) the financial statements for the most recent fiscal year have been issued with a negative audit opinion or a disclaimer of opinion by a certified public accountant;
- (ii) the internal control report for the most recent fiscal year has been issued with a negative audit opinion or a disclaimer of opinion by a certified public accountant;
- (iii) within 36 months following the Company’s listing, there has been any instance where the Company failed to distribute profits in accordance with laws, regulations, the Articles of Association, or public commitments;
- (iv) implementation of equity incentive schemes is prohibited under applicable laws and regulations;
- (v) any other circumstances as determined by the CSRC.

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With respect to an individual participant, none of the following circumstances shall have occurred:

- (i) the participant has been identified as an inappropriate person by the stock exchange within the past 12 months;
- (ii) the participant has been identified as an inappropriate person by the CSRC or its local offices of the Group within the past 12 months;
- (iii) the participant has been subject to administrative penalties or market entry restrictions imposed by the CSRC or its local offices of the Group for material violations of laws or regulations within the past 12 months;
- (iv) the participant is disqualified from serving as a director or senior management member under the PRC Company Law;
- (v) the participant is prohibited from participating in any equity incentive plan of listed companies under applicable laws and regulations;
- (vi) any other circumstances as determined by the CSRC.

(6) Vesting period and vesting conditions of Restricted Shares

The restricted Shares will only be vested when (a) the conditions set out under paragraph (5) above are fulfilled; and (b) the annual assessment and performance targets as set out under the 2023 Stock Incentive Plan are achieved. The final number of restricted Shares to be vested will be subject to the internal assessment of individual performance. The unvested restricted Shares will be canceled in full by our Company. Subject to the satisfaction of the applicable vesting conditions, the restricted Shares granted under the 2023 Stock Incentive Plan shall vest in two tranches as set forth below:

- The first vesting period shall commence on the first trading day immediately following the expiration of 12 months from the date of grant and shall end on the last trading day within 24 months from the date of grant, during which 50% of the restricted shares shall vest.
- The second vesting period shall commence on the first trading day immediately following the expiration of 24 months from the date of grant and shall end on the last trading day within 36 months from the date of grant, during which the remaining 50% of the restricted shares shall vest.

The vesting conditions under the 2023 Stock Incentive Plan adopt a dual-layer assessment framework comprising company-level performance targets and individual performance appraisals. This structure is designed to reinforce long-term alignment between employees and the Company’s strategic objectives.

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At the company level, the vesting of restricted Shares is contingent upon the achievement of specified revenue growth targets.

At the individual level, participants are subject to annual performance evaluations and are assigned one of three ratings: “A,” “B,” or “C.” These ratings correspond to vesting ratios of 100%, 50%, and 0%, respectively. Vesting is further subject to the participant submitting a vesting application during the designated vesting window, with the Company verifying eligibility based on the performance assessment results.

Restricted Shares that do not meet the applicable vesting conditions or for which vesting applications are not submitted within the specified timeframe will be canceled and forfeited. In addition, unvested shares held by participants who resign from the Group will generally be forfeited.

The term of this 2023 Stock Incentive Plan shall commence on the date of grant of the restricted A Shares and end on the date when all restricted Shares granted to the grantees have been either vested or void, and shall not exceed 36 months in any event.

(7) Lock-up Period

For any participant serving as a Director or senior management member of the Company, the number of restricted Shares permitted to be transferred or sold during the term of office shall not exceed 25% of the total Shares held by such individual in any given year. No transfer of shares is allowed within six months after their respective resignation.

Any Director or member of senior management of the Company who would like to sell restricted Shares within six months of subscription or repurchases such Shares within six months of a sale, shall be required to surrender all gains from the relevant transactions to the Company. The Board shall take appropriate measures to recover such gains.

Any reduction of shareholdings by Directors or senior management members of the Company shall be conducted in accordance with applicable laws, administrative regulations and implementation rules, including but not limited to the Several Provisions on the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》) and the Implementation Rules on the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies on the Shenzhen Stock Exchange (《深圳證券交易所上市公司股東及董事、監事、高級管理人員減持實施細則》).

During the term of the 2023 Stock Incentive Plan, any transfer of Shares held by Directors or senior management of the Company shall comply with the applicable laws, regulations, regulatory documents and the Articles of Association as amended from time to time.

Save as disclosed above, there is no other lock-up to the vested restricted Shares.

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(8) Outstanding Restricted Shares

As of the Latest Practicable Date, a total of 78,555,000 restricted Shares were granted to the relevant participants under the 2023 Stock Incentive Plan, representing approximately [REDACTED]% of the aggregate amount of the Shares in issue immediately before the completion of the [REDACTED] and approximately [REDACTED]% of our total issued share capital immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). As of the Latest Practicable Date, 39,265,000 restricted Shares among the total 78,555,000 restricted Shares under 2023 Stock Incentive Plan have been vested in 212 eligible participants as the vesting conditions for the first vesting period under the 2023 Stock Incentive Plan had been fulfilled. The remaining 39,290,000 unvested restricted Shares have been granted to 217 eligible participants and shall be vested in them upon the fulfillment of vesting conditions for the second vesting period under the 2023 Stock Incentive Plan.

Among the 244 original participants, 27 individuals resigned from our Group and were no longer eligible as participants under the 2023 Stock Incentive Plan upon the vesting and the corresponding 1,420,000 unvested restricted Shares were forfeited. Additionally, since five individuals failed to fulfill individual performance requirements under the vesting conditions of the 2023 Stock Incentive Plan, 25,000 unvested restricted Shares were forfeited correspondingly. The restricted Shares granted to the relevant participants shall not be transferred, pledged, mortgaged, used as security, or applied to debt repayment prior to the vesting.

The table below sets forth details of the unvested restricted Shares granted to our Director, senior management or connected persons of the Company under the 2023 Stock Incentive Plan as of the Latest Practicable Date:

Name of the Participant	Position in the Company/Group	Address	Vesting Price	Number of Unvested Restricted Shares	Date of Grant
Mr. Pan Anmin	Executive Director and chief executive officer of our Company	Room 1502, Unit 1 Building 12, Yard 2 Jiangfu South Street Chaoyang District Beijing PRC	RMB4.32	2,000,000	September 7, 2023
Mr. Gao Shengtao . . .	Former director of Madhouse Inc.	Airport New Village Longhua West Road Xuhui District Shanghai PRC	RMB4.32	500,000	September 7, 2023

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Name of the Participant	Position in the Company/Group	Address	Vesting Price	Number of Unvested Restricted Shares	Date of Grant
Ms. Xiang Wei	Supervisor of Beijing Sienke Technology Co., Ltd.	No. 2 Jia Huayuan Road Haidian District Beijing PRC	RMB4.32	500,000	September 7, 2023
Ms. Wang Dan	Director of BLUEFOCUS INTERNATIONAL LIMITED	Group 6 11th Committee Chengxi Street Boli County Heilongjiang Province PRC	RMB4.32	350,000	September 7, 2023
Mr. Liu Fangming. . .	Executive director and president of Blue Universe Digital Technology Co., Ltd.	No. 1155 Nanshan Avenue Nanshan District Shenzhen City Guangdong Province PRC	RMB4.32	250,000	September 7, 2023
Mr. Ruan Changjun . .	Director of Madhouse Co., Ltd.	Building 10 Lane 1329 Yan'an West Road Shanghai PRC	RMB4.32	575,000	September 7, 2023
Mr. Wu Xingbo	Director of Madhouse Co., Ltd.	No. 3, Lane 46 Wanzhu Street Huangpu District Shanghai PRC	RMB4.32	725,000	September 7, 2023
Mr. Feng Kehua	Director of BlueVision Interactive Limited	No. 59 Fusheng Street Changyang Town Fangshan District Beijing PRC	RMB4.32	1,125,000	September 7, 2023
Ms. Li Jiao	Director of BlueVision Interactive Limited	Zhichun Road Haidian District Beijing PRC	RMB4.32	1,050,000	September 7, 2023

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Name of the Participant	Position in the Company/Group	Address	Vesting Price	Number of Unvested Restricted Shares	Date of Grant
Ms. Ruan Jie	Supervisor of Shanghai BlueFocus Brand Consulting Co., Ltd.	No. 31 Rushan Second Village Pudong New Area Shanghai PRC	RMB4.32	50,000	September 7, 2023
Ms. Qu Zengbo	Director of Madhouse Co., Ltd.	No. 103, Unit 1 Building 2 Yu Jin Yuan Qiangguo Road Dongpuwa Subdistrict Wuqing District Tianjin PRC	RMB4.32	800,000	September 7, 2023
Mr. Xiao Zhongyun	Executive director and president of Beijing BlueFocus Public Relations Consulting Co., Ltd.	Talent Service Center No. 73 West Fourth Ring North Road Haidian District Beijing PRC	RMB4.32	3,025,000	September 7, 2023

The table below sets forth the number of unvested restricted shares under 2023 Stock Incentive Plan granted to other participants (excluding Directors, senior management, and connected persons of the Company) under the 2023 Stock Incentive Plan, grouped into seven categories based on the number of unvested Shares held by each participant, as of the Latest Practicable Date.

Number of Participants	Vesting Price	Number of Unvested Restricted Shares	Date of Grant	Unvested Restricted Shares % of total issued Shares as of the Latest Practicable Date
1	RMB4.32 per Share	More than 1,000,000	September 7, 2023	0.10%
4	RMB4.32 per Share	600,001-1,000,000	September 7, 2023	0.09%
28	RMB4.32 per Share	200,001-600,000	September 7, 2023	0.25%

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Number of Participants	Vesting Price	Number of Unvested Restricted Shares	Date of Grant	Unvested Restricted Shares % of total issued Shares as of the Latest Practicable Date
30	RMB4.32 per Share	100,001-200,000	September 7, 2023	0.13%
66	RMB4.32 per Share	50,001-100,000	September 7, 2023	0.15%
49	RMB4.32 per Share	30,001-50,000	September 7, 2023	0.06%
27	RMB4.32 per Share	1-30,000	September 7, 2023	0.02%

5 Disclaimer

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
- (i) there are no commissions (but not including commission to sub-[REDACTED]) for [REDACTED] or agreeing to [REDACTED], or procuring or agreeing to procure [REDACTED], for any shares in or debentures of our Company; and
 - (ii) there are no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts received any such payment or benefit.
- (b) Save as disclosed in this document:
- (i) there are no founder, management or deferred shares in our Company or any member of our Group;
 - (ii) none of the Directors or the experts named in “— (D) Other Information — 4 Consent of Experts” above has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
 - (iii) there are no bank overdrafts or other similar indebtedness by our Company or any member of our Group;
 - (iv) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group;

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- (v) there are no outstanding debentures of our Company or any member of our Group;
- (vi) our Company is not presently listed on any stock exchange or traded on any trading system;
- (vii) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option; and
- (viii) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

(D) OTHER INFORMATION

1 Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2 Litigation

Save as disclosed in this document, no member of our Group is 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 our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3 Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for [REDACTED] of, and permission to [REDACTED], the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into [REDACTED].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and each of the Joint Sponsors, we have agreed to pay the Joint Sponsors an aggregate fee of US\$1 million to act as the sponsors of our Company in connection with the proposed [REDACTED] on the Stock Exchange.

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4 Consent of Experts

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities as defined under the SFO
Guotai Junan Capital Limited	A licensed corporation to conduct Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
China Renaissance Securities (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Baker Tilly Hong Kong Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Commerce & Finance Law Offices	Legal advisor to our Company as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	An independent professional market research and consulting company

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for securities in any member of our Group.

Each of the experts named above [has given and has not withdrawn] their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

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5 Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6 Promoters

The promoters of our Company are Mr. Zhao, Mr. Sun Taoran, Mr. Wu Tie, Mr. Xu Zhiping, Mr. Chen Lianghua, Mr. Gao Peng, Mr. Mao Chen, Mr. Xie Jun, Mr. Tian Wenkai, Mr. Mao Yuhui, Mr. Ma Li, Mr. Ding Xiaodong, Mr. Xiong Jian, Mr. Luo Bin, Ms. Pan Qin, Ms. Zhao Yun, Mr. Li Lin, Ms. Chen Jianhong, Mr. Wu Xing, Mr. Zhou Yuheng, Ms. Bai Jie, Mr. Chen Yang, Ms. An Yang, Ms. Xie Jing, Mr. Xiao Jianhui, Mr. Li Jubin, Mr. Jiao Long, Ms. Wang Wei, Mr. Li Hongda, Mr. Wu Beixi, Mr. Zeng Ming, Ms. Xu Yanwei, Ms. Zhang Xiaolu, Ms. Yang Mei, Ms. Yuan Xue, Mr. Xu Xianghe, Ms. Li Li, Ms. Zhang Xinyan, Ms. Liu Yahong, Ms. Xiang Wei, Mr. Sun Bing, Mr. Liu Zheng, Mr. Li Yansheng, Mr. Wang Qin, and Mr. Zhang Ying.

Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

7 Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8 Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

9 Compliance Advisor

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

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10 No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this document, and up to the date of this document.

11 Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the [REDACTED] and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12 Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in “Appendix I — Accountants’ Report — Note 41 Related Party Transactions”.

13 Miscellaneous

Save as disclosed in this document:

- (i) within the two years immediately preceding the date of this document:
 - (a). no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (b). no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;
 - (c). no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (d). no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

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- (ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (iv) our Company has no outstanding convertible debt securities or debentures;
- (v) there is no arrangement under which future dividends are waived or agreed to be waived;
- (vi) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the [REDACTED], 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; and
- (vii) all necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a). the written consents referred to in “Statutory and General Information — (D) Other Information — 4 Consents of Experts” in Appendix IV to this document; and
- (b). a copy of each of the material contracts referred to in “Statutory and General Information — (B) Further Information about our Business — 1 Summary of Material Contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available for inspection at the website of the Stock Exchange at www.hkexnews.hk and our website at www.bluefocusgroup.com including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the material contracts referred to in “Statutory and General Information — (B) Further Information about our Business — 1 Summary of Material Contracts” in Appendix IV to this document;
- (c) the service contracts and the letters of appointment referred to in “Statutory and General Information — (C) Further information about our Directors and Shareholders — 1 Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix IV to this document;
- (d) the industry report issued by Frost & Sullivan, a summary of which is set forth in “Industry Overview” in this document;
- (e) the PRC legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisor on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (f) the Accountants’ Report and the report on the unaudited [REDACTED] financial information of our Group prepared by Baker Tilly Hong Kong Limited, the texts of which are set out in “Accountants’ Report” in Appendix I to this document and “Unaudited [REDACTED] Financial Information” in Appendix II to this document, respectively;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF
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- (g) the audited consolidated financial statements of our Company for each of the years ended December 31, 2022, 2023 and 2024;
- (h) the PRC Company Law and the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translation; and
- (i) the written consents referred to in “Statutory and General Information — (D) Other information — 4 Consent of experts” in Appendix IV to this document.