FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our historical financial information included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our historical financial information has been prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a leading integrated marketing service provider in China, with a comprehensive service portfolio across the marketing value chain, including IP-based brand marketing services, celebrity and influencer marketing services, performance-based marketing services, livestream e-commerce marketing services and overseas marketing services. According to Frost & Sullivan, in terms of revenue in 2025, we were the fifth largest integrated marketing service provider in China, the largest IP-based brand marketing service provider in China and the fourth largest celebrity and influencer marketing service provider in China; in terms of contract value in 2025, we were also the largest celebrity marketing service provider in China.

During the Track Record Period, we achieved steady growth. Our revenue increased from RMB6,245.8 million in 2023 to RMB8,371.8 million in 2025, representing a CAGR of 15.8%, and increased by 44.1% from RMB1,599.1 million in the three months ended March 31, 2025 to RMB2,304.7 million during the same period in 2026. Our gross profit increased from RMB252.1 million in 2023 to RMB362.0 million in 2025, representing a CAGR of 19.8%, and further increased by 42.8% from RMB66.9 million in the three months ended March 31, 2025 to RMB95.6 million during the same period in 2026.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policies adopted are set out in Note 2 to the Accountants' Report included in Appendix I to this document.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing the historical financial information, we have adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 35 to the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Expand Customer Base

We generate revenue primarily by providing customers with a broad range of marketing services, and our results of operations and continued revenue growth depend in part on our ability to expand our customer base. During the Track Record Period, our service quality, expanding service offerings, campaign effectiveness and dedicated sales and marketing efforts contributed to the rapid expansion of our large and diversified customer base. Our number of customers increased from 1,258 in 2023 to 1,318 in 2024 and further to 1,597 in 2025, and increased from 843 in the three months ended March 31, 2025 to 883 during the same period in 2026. See "Business — Our Marketing Services — Key Operating Metrics" for details.

Our ability to acquire new customers is influenced by a number of factors, including our ability to maintain a strong reputation in the industry, introduce new marketing services, enhance service quality, and deliver satisfactory marketing results. To strengthen our competitiveness and continue to attract new customers, we have continued to improve our marketing efficiency and service capabilities. For example, we have invested in developing our AI-enabled software platform, STARS AI Marketing Platform, to support and enhance our service delivery. In addition, we have continued to expand our business coverage, including providing overseas marketing services since 2024, to meet customers' increasingly diversified marketing needs in overseas markets.

Our ability to attract new customers is also affected by the overall trends and conditions of the integrated marketing services industry in China. According to Frost & Sullivan, the market size of China's integrated marketing services increased from RMB1,179.1 billion in 2020 to RMB1,868.8 billion in 2025, representing a CAGR of 9.6%, and is expected to further grow at a CAGR of 9.5% from RMB2,047.8 billion in 2026 to RMB2,949.0 billion in 2030. Leveraging our well-established service portfolio, strong marketing capabilities and leading market position, we believe we are well positioned to capitalize on these favorable industry trends by continuously capturing emerging customer needs and expanding our customer base.

Our Ability to Deepen Relationship with Customers

Our results of operations are affected by our ability to retain existing customers and increase their spending with us over time. As our customers' marketing needs continue to evolve, their demand for broader service coverage, more effective campaign execution and more integrated marketing services has also increased. Our ability to deepen customer relationships and capture a larger share of customers' marketing budgets is therefore an important driver of our revenue growth and long-term business development. During the Track Record Period, we maintained stable relationships with a large and diversified customer base across different industries and marketing scenarios. The retention rates of our KA customers were approximately 63.5%, 61.9%, 73.0% and 70.4% in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

Our ability to deepen relationships with existing customers depends on a number of factors, including our ability to understand customers' brand positioning, marketing objectives and target consumer groups, design effective marketing strategies, identify suitable IP resources, execute campaigns across different media platforms and continuously optimize campaign performance. We have continued to enhance our marketing capabilities by expanding our service offerings, accumulating campaign experience and refining our internal evaluation models. We have also invested in AI technologies to support strategy formulation, content generation, campaign execution and performance optimization, thereby improving our service efficiency and marketing effectiveness.

Through repeated cooperation with existing customers, we are able to develop a deeper understanding of their business needs, brand characteristics and marketing preferences. Such accumulated customer insights and execution experience enable us to provide more tailored marketing solutions, respond more effectively to customers' evolving needs and strengthen customer stickiness. We believe that our ability to continuously deliver effective marketing services and broaden cooperation with existing customers will remain important to our results of operations and future growth.

Our Relationships with Major Media Platforms

Our results of operations are affected by our relationships with major media platforms. In providing marketing services, we place, distribute and promote marketing content across various media platforms based on customers' marketing needs. The scope, stability and quality of our relationships with major media platforms, as well as our ability to secure suitable media resources, cost-effective traffic and favorable commercial terms, are important to our ability to execute customers' marketing campaigns, optimize marketing performance and maintain our gross profit margins.

We collaborate with a broad range of major media platforms. The commercial terms we obtain from media platforms, including rebate, pricing, traffic procurement terms, settlement arrangements, may affect our cost structure and profitability. Such terms are generally influenced by factors such as our purchase volume, historical cooperation with the relevant platform, business credentials, campaign quality, compliance record, customer base and the platform's prevailing policies. During the Track Record Period, we incurred media costs in connection with the procurement of media resources and traffic for customers' marketing campaigns. Our aggregate cost of sales attributable to our media procurement costs accounted for 97.6%, 97.4%, 97.6%, 97.5% and 97.9%, respectively of our total cost of sales in each year or period during the Track Record Period. Any unfavorable change in pricing, rebate policies, settlement terms or traffic allocation mechanisms of major media platforms may increase our cost of sales, reduce our gross profit margin or affect our ability to deliver marketing results in a cost-effective manner.

Maintaining stable and sustainable relationships with major media platforms is also important to our service quality and campaign execution capability. Major media platforms typically have platform-specific rules, content review standards, advertising policies, account management requirements and traffic allocation mechanisms. Our ability to understand and comply with these rules, maintain effective communication with personnel from media platforms and adjust campaign strategies in response to platform policy changes is important to ensuring timely campaign launch, stable content distribution and effective traffic acquisition. If we fail to maintain or expand our relationships with major media platforms, or if our cooperation with any major media platform is suspended, restricted or terminated, our ability to obtain media resources and traffic, execute customers' marketing campaigns, generate revenue and maintain profitability may be materially and adversely affected.

Our Ability to Improve Operational Efficiency

Our ability to enhance operational efficiency is important to maintaining our profitability and supporting sustainable growth. As our business continues to scale, we seek to improve efficiency through AI, while maintaining the quality and consistency of our marketing services. Our ability to control operating expenses while continuing to invest in service capabilities, technology and talent directly affects our results of operations and overall financial performance.

In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our selling and marketing expenses as a percentage of total revenue were 1.0%, 1.1%, 1.0%, 1.1% and 0.9%, respectively. Our administrative expenses as a percentage of total revenue were 1.9%, 2.0%, 1.7%, 2.3% and 1.9% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. In addition, we began to incur research and development expenses in 2024, which amounted to RMB1,379 thousand, RMB3,291 thousand, RMB552 thousand and RMB748 thousand in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, as we continued to invest in technology capabilities to support our marketing service delivery.

We intend to continue optimizing our expense structure, while selectively investing in high-value talent, AI-enabled tools and digital capabilities that can improve service quality and operating leverage. Our ability to control expenses while maintaining quality and consistency of our services remains critical to enhancing our overall financial performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, 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 in these estimates and assumptions in the foreseeable future. The details of our material accounting policies, estimates, assumptions and judgments are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Revenue	**6,245,818**	**100.0**	**6,697,328**	**100.0**	**8,371,848**	**100.0**	**1,599,081**	**100.0**	**2,304,739**	**100.0**
Cost of sales	(5,993,761)	(96.0)	(6,417,310)	(95.8)	(8,009,834)	(95.7)	(1,532,142)	(95.8)	(2,209,145)	(95.9)
Gross profit	**252,057**	**4.0**	**280,018**	**4.2**	**362,014**	**4.3**	**66,939**	**4.2**	**95,594**	**4.1**
Other net income	39,021	0.6	11,275	0.2	10,570	0.1	1,370	0.1	6,610	0.3
Selling and marketing expenses	(64,777)	(1.0)	(72,170)	(1.1)	(81,086)	(1.0)	(17,415)	(1.1)	(21,513)	(0.9)
Administrative expenses	(119,474)	(1.9)	(131,244)	(2.0)	(143,760)	(1.7)	(37,349)	(2.3)	(44,283)	(1.9)
Research and development expenses	—	—	(1,379)	(0.0)	(3,291)	(0.0)	(552)	(0.0)	(748)	(0.0)
Impairment losses on trade and other receivables	(6,523)	(0.1)	(3,167)	(0.0)	(6,438)	(0.1)	(914)	(0.1)	(2,885)	(0.1)
Profit from operations	**100,304**	**1.6**	**83,333**	**1.2**	**138,009**	**1.6**	**12,079**	**0.8**	**32,775**	**1.4**
Finance costs	(4,693)	(0.1)	(7,117)	(0.1)	(9,870)	(0.1)	(2,434)	(0.2)	(3,529)	(0.2)
Changes in the fair value of financial instruments	1,212	0.0	957	0.0	146	0.0	19	0.0	1	0.0
Share of profits less losses of associates	(354)	(0.0)	—	—	—	—	—	—	—	—
Profit before taxation	96,469	1.5	77,173	1.2	128,285	1.5	9,664	0.6	29,247	1.3
Income tax	(23,557)	(0.4)	(19,214)	(0.3)	(32,409)	(0.4)	(2,215)	(0.1)	(7,416)	(0.3)
Profit for the year/period	**72,912**	**1.2**	**57,959**	**0.9**	**95,876**	**1.1**	**7,449**	**0.5**	**21,831**	**0.9**
Attributable to:										
Equity shareholders of the Company	69,318	1.1	56,443	0.8	95,095	1.1	7,267	0.5	20,830	0.9
Non-controlling interests	3,594	0.1	1,516	0.0	781	0.0	182	0.0	1,001	0.0

Revenue

During the Track Record Period, we primarily generated revenue from IP-based brand marketing services, celebrity and influencer marketing services, performance-based marketing services, livestream e-commerce marketing services and overseas marketing services.

Revenue by Business Line

The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
IP-based brand marketing services	2,866,159	45.9	3,674,401	54.9	4,399,109	52.5	845,911	52.9	1,133,400	49.2
Celebrity and influencer marketing services	287,813	4.6	573,002	8.6	1,001,816	12.0	187,313	11.7	228,134	9.9
Performance-based marketing services	2,986,808	47.8	2,302,187	34.3	2,796,236	33.4	528,556	33.1	884,132	38.4
Livestream e-commerce marketing services	104,661	1.7	140,673	2.1	123,831	1.5	29,655	1.9	37,761	1.6
Overseas marketing services	—	—	6,684	0.1	50,495	0.6	7,551	0.4	21,217	0.9
Others[(1)]	377	0.0	381	0.0	361	0.0	95	0.0	95	0.0
Total	**6,245,818**	**100.0**	**6,697,328**	**100.0**	**8,371,848**	**100.0**	**1,599,081**	**100.0**	**2,304,739**	**100.0**

Note:

(1) Others primarily included rental income.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our revenue increased by 44.1% from RMB1,599.1 million in the three months ended March 31, 2025 to RMB2,304.7 million during the same period in 2026.

- Revenue generated from IP-based brand marketing services increased by 34.0% from RMB845.9 million in the three months ended March 31, 2025 to RMB1,133.4 million during the same period in 2026, which was primarily attributable to the increased spending from certain KA customers. Such growth was mainly driven by our enhanced end-to-end integrated marketing service capabilities, improved marketing effectiveness, growing market recognition and expanded sales force, which enabled us to deepen cooperation with existing KA customers and attract new customers through market reputation;

- Revenue generated from celebrity and influencer marketing services increased by 21.8% from RMB187.3 million in the three months ended March 31, 2025 to RMB228.1 million during the same period in 2026, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by customers' increasing demand for identifying and engaging suitable celebrities and influencers for their marketing campaigns, as well as our enhanced ability to meet such demand. In particular, our ability to identify suitable celebrities and facilitate brand collaborations continued to improve, underpinned by our increasingly mature and systematic evaluation framework and the market recognition established through successful campaigns;

- Revenue generated from performance-based marketing services increased by 67.3% from RMB528.6 million in the three months ended March 31, 2025 to RMB884.1 million during the same period in 2026, which was primarily attributable to (i) the increase in the number of customers; (ii) the increase in the number of marketing campaigns; and (iii) the increased spending from certain KA customers. Such growth was mainly driven by our continued focus on performance-based advertising placement for customers on certain major media platforms, which offers broader and more precise user targeting and higher conversion efficiency, which enhanced marketing performance for our customers and thereby increased demand;

- Revenue generated from livestream e-commerce marketing services increased by 27.3% from RMB29.7 million in the three months ended March 31, 2025 to RMB37.8 million during the same period in 2026, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by our strong service capabilities and track record of delivering successful campaigns that helped customers drive sales growth, which enhanced our market reputation and attracted an increasing number of customers and projects; and

- Revenue generated from overseas marketing services increased significantly from RMB7.6 million in the three months ended March 31, 2025 to RMB21.2 million during the same period in 2026, which was primarily attributable to the increase in (i) the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by rising demand for overseas marketing services and our continued enhancement of our overseas service capabilities to meet such demand. In particular, we continued to enhance our CPS platform, enabling customers to identify and engage suitable overseas influencers more efficiently and improve the performance of their marketing campaigns. This strengthened our track record and market reputation, leading to increased demand from both existing and new customers.

Comparison between 2025 and 2024. Our revenue increased by 25.0% from RMB6,697.3 million in 2024 to RMB8,371.8 million in 2025.

- Revenue generated from IP-based brand marketing services increased by 19.7% from RMB3,674.4 million in 2024 to RMB4,399.1 million in 2025, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by our enhanced end-to-end integrated marketing service capabilities, improved marketing effectiveness, growing market recognition and expanded sales force, which enabled us to reach a broader base of potential customers;

- Revenue generated from celebrity and influencer marketing services increased by 74.8% from RMB573.0 million in 2024 to RMB1,001.8 million in 2025, which was primarily attributable to (i) the increase in the number of customers and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by customers' increasing demand for identifying and engaging suitable celebrities and influencers for their marketing campaigns, as well as our enhanced ability to meet such demand. Drawing on our accumulated experience, we developed a mature and systematic evaluation framework that enables us to recommend suitable celebrities and influencers more efficiently and improve campaign performance. We also continued to expand and integrate our celebrity and influencer resources, strengthening our ability to facilitate successful collaborations and secure engagement arrangements for our customers;

- Revenue generated from performance-based marketing services increased by 21.5% from RMB2,302.2 million in 2024 to RMB2,796.2 million in 2025, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns; and (iii) the increased spending from certain KA customers. Such growth was mainly driven by our focus on performance-based advertising placement for customers on certain major media platforms, which offers broader and more precise user targeting and higher conversion efficiency, which enhanced marketing performance for our customers and thereby increased demand;

- Revenue generated from livestream e-commerce marketing services decreased by 12.0% from RMB140.7 million in 2024 to RMB123.8 million in 2025, which was primarily attributable to the decrease in our customers' spending on marketing campaigns because certain customers reduced or postponed livestream e-commerce campaigns due to adjustments in their marketing budgets or strategies; and

- Revenue generated from overseas marketing services increased significantly from RMB6.7 million in 2024 to RMB50.5 million in 2025, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by the rapid scaling of the business following its launch in 2024, supported by the expansion of our sales team and continued investment in our service capabilities, including the development of our CPS platform to better serve customers and facilitate collaboration with overseas influencers.

Comparison between 2024 and 2023. Our revenue increased by 7.2% from RMB6,245.8 million in 2023 to RMB6,697.3 million in 2024.

- Revenue generated from IP-based brand marketing services increased by 28.2% from RMB2,866.2 million in 2023 to RMB3,674.4 million in 2024, which was primarily attributable to (i) the increase in the number of customers; and (ii) the increase in the number of marketing campaigns. Such growth was mainly driven by our enhanced end-to-end integrated marketing service capabilities, improved marketing effectiveness, growing market recognition and expanded sales force, which enabled us to reach a broader base of potential customers;

- Revenue generated from celebrity and influencer marketing services increased significantly from RMB287.8 million in 2023 to RMB573.0 million in 2024, primarily because we scaled up this business rapidly after we launched it in 2023, drawing on our extensive celebrity and influencer resources;
- Revenue generated from performance-based marketing services decreased by 22.9% from RMB2,986.8 million in 2023 to RMB2,302.2 million in 2024, primarily attributable to our optimization of the customer structure;
- Revenue generated from livestream e-commerce marketing services increased by 34.4% from RMB104.7 million in 2023 to RMB140.7 million in 2024, primarily because we optimized our customer structure, focused on selected high-quality customers and deepened our cooperation with them; and
- Revenue generated from overseas marketing services increased from nil in 2023 to RMB6.7 million in 2024, primarily because we launched the overseas marketing services to capture the growing demand for overseas marketing.

Cost of Sales

Our cost of sales primarily consists of (i) media procurement costs, (ii) staff costs, (iii) rental expense, and (iv) taxes and surcharges. The following table sets forth a breakdown of our cost of sales, in absolute amounts and as percentages of our total cost of sales, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Media procurement costs	5,848,033	97.6	6,248,246	97.4	7,820,230	97.6	1,493,526	97.5	2,161,974	97.9
Staff costs	127,369	2.1	143,713	2.2	162,981	2.0	33,927	2.2	41,315	1.9
Rental expense	1,206	0.0	1,083	0.0	1,083	0.0	271	0.0	271	0.0
Taxes and surcharges	8,311	0.1	11,926	0.2	14,162	0.2	3,206	0.2	3,952	0.2
Others	8,842	0.1	12,342	0.2	11,378	0.1	1,212	0.1	1,633	0.1
Total	**5,993,761**	**100.0**	**6,417,310**	**100.0**	**8,009,834**	**100.0**	**1,532,142**	**100.0**	**2,209,145**	**100.0**

Our cost of sales increased by 7.1% from RMB5,993.8 million in 2023 to RMB6,417.3 million in 2024, further increased by 24.8% from RMB6,417.3 million in 2024 to RMB8,009.8 million in 2025, and increased by 44.2% from RMB1,532.1 million in the three months ended March 31, 2025 to RMB2,209.1 million during the same period in 2026, primarily attributable to the increase in media procurement costs, which was generally in line with our business growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of RMB252.1 million, RMB280.0 million, RMB362.0 million, RMB66.9 million and RMB95.6 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, representing gross profit margins of 4.0%, 4.2%, 4.3%, 4.2% and 4.1% during the same periods, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
IP-based brand marketing services	124,226	4.3	137,482	3.7	196,647	4.5	39,504	4.7	42,732	3.8
Celebrity and influencer marketing services	21,537	7.5	28,292	4.9	39,952	4.0	10,713	5.7	14,546	6.4
Performance-based marketing services	46,993	1.6	41,710	1.8	53,453	1.9	1,729	0.3	14,894	1.7
Livestream e-commerce marketing services	60,130	57.5	73,387	52.2	72,205	58.3	15,547	52.4	23,139	61.3
Overseas marketing services	—	—	(151)	(2.3)	478	0.9	(378)	(5.0)	459	2.2
Others[(1)]	(829)	(219.9)	(702)	(184.3)	(721)	(200.0)	(176)	(185.3)	(176)	(185.3)
Total/Overall	**252,057**	**4.0**	**280,018**	**4.2**	**362,014**	**4.3**	**66,939**	**4.2**	**95,594**	**4.1**

Note:

(1) Others primarily included the losses generated from rental activity.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our gross profit margin decreased slightly from 4.2% in the three months ended March 31, 2025 to 4.1% during the same period in 2026, primarily attributable to (i) an increase in the revenue contribution from performance-based marketing services from 33.1% to 38.4%, which had a relatively lower gross profit margin than most of our other service offerings, and (ii) a decrease in the gross profit margin of IP-based brand marketing services from 4.7% to 3.8%. Such effects were largely offset by increases in the gross profit margins of performance-based marketing services from 0.3% to 1.7% and livestream e-commerce marketing services from 52.4% to 61.3%.

Comparison between 2025 and 2024. Our gross profit margin increased from 4.2% in 2024 to 4.3% in 2025, primarily attributable to (i) the increase in the gross profit margin of IP-based brand marketing services, primarily due to our enhanced ability to identify and secure suitable IP resources and deliver marketing campaigns more effectively and efficiently, which enabled us to undertake more commercially attractive campaigns with higher profitability; and (ii) the increase in the gross profit margin of livestream e-commerce marketing services, primarily due to the increased revenue contribution from marketing campaigns with higher margins, driven by our enhanced service capabilities and industry expertise, which enabled us to better execute marketing campaigns and achieve higher commission and service fees.

Comparison between 2024 and 2023. Our gross profit margin increased from 4.0% in 2023 to 4.2% in 2024, primarily attributable to the increased revenue contribution from service offerings with relatively higher gross profit margins, including IP-based brand marketing services, celebrity and influencer marketing services and livestream e-commerce marketing services.

Other Net Income

The following table sets forth a breakdown of our other net income, in absolute amounts and as percentages of our total other net income, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Government grants	12,209	31.3	8,750	77.6	8,909	84.3	540	39.4	8,491	128.5
Interest income	4,555	11.7	3,640	32.3	1,835	17.3	596	43.5	254	3.8
Net gains/(losses) on disposal of property, plant and equipment and right-of-use assets	88	0.2	181	1.6	18	0.2	—	—	(1,138)	(17.2)
Additional deduction for VAT	22,652	58.0	—	—	—	—	—	—	—	—
Others	(483)	(1.2)	(1,296)	(11.5)	(192)	(1.8)	234	17.1	(997)	(15.1)
Total	**39,021**	**100.0**	**11,275**	**100.0**	**10,570**	**100.0**	**1,370**	**100.0**	**6,610**	**100.0**

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our other net income increased significantly from RMB1.4 million in the three months ended March 31, 2025 to RMB6.6 million during the same period in 2026, primarily due to the timing of the disbursement of an annual government grant under a program promoting the development of the cultural and entertainment industry. In 2025, such grant was disbursed in the third quarter, whereas in 2026, it was disbursed in the first quarter, resulting in a higher amount of government grants recognized in the first quarter of 2026 compared with the corresponding period in 2025.

Comparison between 2025 and 2024. Our other net income remained relatively stable.

Comparison between 2024 and 2023. Our other net income decreased by 71.1% from RMB39.0 million in 2023 to RMB11.3 million in 2024, primarily because no additional VAT deduction was recognized in 2024, as the relevant preferential VAT treatment was no longer applicable to us in 2024.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of our total selling and marketing expenses, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	51,253	79.1	57,814	80.1	63,530	78.3	13,911	79.9	16,946	78.8
Business development expenses	8,101	12.5	7,783	10.8	7,875	9.7	1,980	11.4	1,552	7.2
Transportation and travel expenses	2,241	3.5	4,154	5.8	3,844	4.7	855	4.9	938	4.4
Others[(1)]	3,182	4.9	2,419	3.4	5,837	7.2	669	3.8	2,077	9.7
Total	**64,777**	**100.0**	**72,170**	**100.0**	**81,086**	**100.0**	**17,415**	**100.0**	**21,513**	**100.0**

Note:

(1) Others primarily included service fee related to sales activities.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our selling and marketing expenses increased by 23.5% from RMB17.4 million in the three months ended March 31, 2025 to RMB21.5 million during the same period in 2026, which was primarily attributable to the increase in staff costs because we recruited more sales and marketing staff and increased salaries to strengthen our sales and marketing efforts and support the growth of our business.

Comparison between 2025 and 2024. Our selling and marketing expenses increased by 12.4% from RMB72.2 million in 2024 to RMB81.1 million in 2025, which was primarily attributable to the increase in staff costs because we recruited more sales and marketing staff and increased salary to strengthen our sales and marketing efforts and support the growth of our business.

Comparison between 2024 and 2023. Our selling and marketing expenses increased by 11.4% from RMB64.8 million in 2023 to RMB72.2 million in 2024, which was primarily attributable to the increase in staff costs because we recruited more sales and marketing staff and increased salary to strengthen our sales and marketing efforts and support the growth of our business.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	62,100	52.0	74,360	56.7	82,537	57.4	23,192	62.1	26,582	60.0
Depreciation and amortization	26,328	22.0	24,122	18.4	24,716	17.2	5,986	16.0	6,334	14.3
Transportation expenses	11,050	9.2	12,361	9.4	14,565	10.1	3,120	8.4	3,593	8.1
Office and rental expenses	11,712	9.8	11,920	9.1	10,728	7.5	2,351	6.3	5,052	11.4
Others[(1)]	8,284	6.9	8,481	6.5	11,214	7.8	2,700	7.2	2,722	6.1
Total	**119,474**	**100.0**	**131,244**	**100.0**	**143,760**	**100.0**	**37,349**	**100.0**	**44,283**	**100.0**

Note:

(1) Others primarily included property management fees, conference fees, utilities expenses and telecommunications charges and others.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our administrative expenses increased by 18.6% from RMB37.3 million in the three months ended March 31, 2025 to RMB44.3 million during the same period in 2026, which was primarily attributable to the increase in staff costs because we recruited more administrative staff and increased salary to support the growth of our business.

Comparison between 2025 and 2024. Our administrative expenses increased by 9.5% from RMB131.2 million in 2024 to RMB143.8 million in 2025, which was primarily attributable to the increase in staff costs because we recruited more administrative staff and increased salary to support the growth of our business.

Comparison between 2024 and 2023. Our administrative expenses increased by 9.9% from RMB119.5 million in 2023 to RMB131.2 million in 2024, which was primarily attributable to the increase in staff costs because we recruited more administrative staff and increased salary to support the growth of our business.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	—	—	1,379	100.0	2,315	70.4	405	73.4	748	100.0
Others[(1)]	—	—	—	—	976	29.6	147	26.6	—	—
Total	**—**	**—**	**1,379**	**100.0**	**3,291**	**100.0**	**552**	**100.0**	**748**	**100.0**

Note:

(1) Others primarily included technical service fees and office expenses.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our research and development expenses increased by 35.5% from RMB0.6 million in the three months ended March 31, 2025 to RMB0.7 million during the same period in 2026, which was primarily attributable to the increase in the number of R&D staff to develop STARS AI Marketing Platform.

Comparison between 2025 and 2024. Our research and development expenses increased significantly from RMB1.4 million in 2024 to RMB3.3 million in 2025, which was primarily attributable to the increase in the number of R&D staff to develop STARS AI Marketing Platform.

Comparison between 2024 and 2023. Our research and development expenses increased from nil in 2023 to RMB1.4 million in 2024, which was primarily attributable to the increase in the number of R&D staff to develop STARS AI Marketing Platform.

Impairment Losses on Trade and Other Receivables

We recorded impairment losses on trade and other receivables of RMB6.5 million, RMB3.2 million, RMB6.4 million, RMB0.9 million and RMB2.9 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our impairment losses on trade and other receivables increased significantly from RMB0.9 million in the three months ended March 31, 2025 to RMB2.9 million during the same period in 2026, which was primarily attributable to the expansion of our business scale, leading to increased trade and other receivables.

Comparison between 2025 and 2024. Our impairment losses on trade and other receivables increased significantly from RMB3.2 million in 2024 to RMB6.4 million in 2025, which was primarily attributable to the expansion of our business scale, leading to increased trade and other receivables.

Comparison between 2024 and 2023. Our impairment losses on trade and other receivables decreased by 51.4% from RMB6.5 million in 2023 to RMB3.2 million in 2024, which was primarily because we recognized a specific impairment provision in 2023 in respect of outstanding contract payments due from a customer that had failed to settle such payments when due and against which we had initiated legal proceedings, as the recoverability of the outstanding amounts was considered low.

Finance Costs

Our finance costs consisted of interest expenses on loans and borrowings, interest expenses on lease liabilities and other financial expenses. We recorded finance costs of RMB4.7 million, RMB7.1 million, RMB9.9 million, RMB2.4 million and RMB3.5 million in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our finance costs increased by 45.0% from RMB2.4 million in the three months ended March 31, 2025 to RMB3.5 million during the same period in 2026, primarily due to the increase in our bank loans and borrowings, which was in line with the expansion of our business scale.

Comparison between 2025 and 2024. Our finance costs increased by 38.7% from RMB7.1 million in 2024 to RMB9.9 million in 2025. This increase was primarily attributable to the increase in interest expenses on loans and borrowings, which was in line with the expansion of our business scale.

Comparison between 2024 and 2023. Our finance costs increased by 51.7% from RMB4.7 million in 2023 to RMB7.1 million in 2024. This increase was primarily attributable to the increase in interest expenses on loans and borrowings, which was in line with the expansion of our business scale.

Changes in the Fair Value of Financial Instruments

We recorded gains from changes in the fair value of financial instruments of RMB1.2 million, RMB1.0 million, RMB0.1 million, RMB19.0 thousand and RMB1.0 thousand in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

Our gains from changes in the fair value of financial instruments decreased during the Track Record Period, primarily because we allocated more funds to support our business operations and enhance our marketing service capabilities, resulting in reduced investments in wealth management products.

Share of Profits less Losses of Associates

We recorded share of profits less losses of associates of a loss of RMB0.4 million in 2023 and nil in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, as we disposed of our equity interest in our sole associate in 2024.

Income Tax

Our income tax consisted of current and deferred tax recognized under the applicable tax rates in accordance with the relevant laws and regulations. We recorded income tax expenses of RMB23.6 million, RMB19.2 million, RMB32.4 million, RMB2.2 million and RMB7.4 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, and our effective tax rates (calculated as income tax expenses divided by profit before taxation) were 24.4%, 24.9%, 25.3%, 22.9% and 25.4%, respectively, for the same periods. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes. See Note 7(a) to the Accountants' Report in Appendix I to this document.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our income tax expenses increased significantly from RMB2.2 million in the three months ended March 31, 2025 to RMB7.4 million during the same period in 2026, which was in line with the growth in profit before taxation.

Comparison between 2025 and 2024. Our income tax expenses increased by 68.7% from RMB19.2 million in 2024 to RMB32.4 million in 2025, which was in line with the growth in profit before taxation.

Comparison between 2024 and 2023. Our income tax expenses decreased by 18.4% from RMB23.6 million in 2023 to RMB19.2 million in 2024, which was in line with the decrease in profit before taxation.

Profit for the Year/Period

As a result of the foregoing, our profit for the year/period decreased by 20.5% from RMB72.9 million in 2023 to RMB58.0 million in 2024, increased by 65.4% from RMB58.0 million in 2024 to RMB95.9 million in 2025, and increased significantly from RMB7.4 million in the three months ended March 31, 2025 to RMB21.8 million during the same period in 2026.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the [REDACTED] from the [REDACTED], and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB301.3 million, RMB170.5 million, RMB173.9 million and RMB162.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Working Capital Sufficiency

Taking into account the [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, bank loans and shareholder contributions, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from 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 periods indicated.

	Year Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash generated from/(used in) operating activities	100,758	(242,882)	833	(53,050)	(139,952)
Net cash used in investing activities	(9,119)	(3,286)	(5,243)	(1,027)	(2,989)
Net cash generated from financing activities	18,710	115,405	8,167	5,338	132,112
Net increase/(decrease) in cash and cash equivalents	**110,349**	**(130,763)**	**3,757**	**(48,739)**	**(10,829)**
Effect of foreign exchange rate changes	—	(64)	(394)	(7)	(272)
Cash and cash equivalents at the beginning of the year/period	190,996	301,345	170,518	170,518	173,881
Cash and cash equivalents at the end of the year/period	**301,345**	**170,518**	**173,881**	**121,772**	**162,780**

Net Cash Generated from/(Used in) Operating Activities

Our net cash generated from/(used in) operating activities reflects our profit before taxation adjusted for: (i) non-cash and non-operating items, such as depreciation of property, plant and equipment, depreciation of investment property, depreciation of right-of-use assets, amortization of intangible assets, interest on loans and borrowings, interest expenses on lease liabilities, impairment losses on trade and other receivables, changes in the fair value of financial instruments, share of profit less losses of associates, and others; (ii) the effects of movement in working capital, such as trade and other receivables, prepayment, restricted cash, inventories, trade and other payables, contract liabilities, other current assets, and other current liabilities; and (iii) income tax paid.

In the three months ended March 31, 2026, we had net cash flows used in operating activities of RMB140.0 million, which primarily consisted of profit before tax of RMB29.2 million, as adjusted by (i) non-cash and non-operating items, which mainly comprised depreciation of right-of-use assets of RMB4.9 million and finance costs of RMB3.5 million; and (ii) the effect of movements in working capital, which mainly reflected an increase in prepayments of RMB493.1 million and an increase in trade and other receivables of RMB124.8 million, partially offset by an increase in contract liabilities of RMB429.2 million.

In 2025, we had net cash flows generated from operating activities of RMB0.8 million, which primarily consisted of profit before tax of RMB128.3 million, as adjusted by (i) non-cash and non-operating items, which mainly comprised depreciation of right-of-use assets of RMB19.2 million and finance costs of RMB9.9 million; and (ii) the effect of movements in working capital, which mainly reflected an increase in trade and other receivables of RMB477.4 million and an increase in prepayments of RMB161.0 million, partially offset by an increase in trade and other payables of RMB377.9 million.

In 2024, we had net cash flows used in operating activities of RMB242.9 million, which primarily consisted of profit before tax of RMB77.2 million, as adjusted by (i) non-cash and non-operating items, which mainly comprised depreciation of right-of-use assets of RMB18.0 million and finance costs of RMB7.1 million; and (ii) the effect of movements in working capital, which mainly reflected an increase in prepayments of RMB226.3 million and a decrease in trade and other payables of RMB139.7 million, partially offset by an increase in contract liabilities of RMB82.2 million.

In 2023, we had net cash flows generated from operating activities of RMB100.8 million, which primarily consisted of profit before tax of RMB96.5 million, as adjusted by (i) non-cash and non-operating items, which mainly comprised depreciation of right-of-use assets of RMB19.0 million and depreciation of property, plant and equipment of RMB7.2 million; and (ii) the effect of movements in working capital, which mainly reflected an increase in trade and other payables of RMB236.0 million and a decrease in prepayments of RMB142.4 million, partially offset by an increase in trade and other receivables of RMB236.0 million.

Net Cash Used in Investing Activities

Our cash inflows from investing activities primarily consisted of proceeds from disposal of financial investments measured at fair value. Our cash outflows used in investing activities primarily consisted of payment for the purchase of financial investments and payment for the purchase of property, plant and equipment, intangible assets and other non-current assets.

In the three months ended March 31, 2026, our net cash used in investing activities was RMB3.0 million, which primarily consisted of payment for the purchase of financial investments of RMB3.0 million and payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1.0 million, partially offset by proceeds from disposal of financial assets measured at fair value of RMB1.0 million.

In 2025, our net cash used in investing activities was RMB5.2 million, which primarily consisted of payment for the purchase of financial investments of RMB244.1 million and payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB5.9 million, partially offset by proceeds from disposal of financial assets measured at fair value of RMB244.6 million.

In 2024, our net cash used in investing activities was RMB3.3 million, which primarily consisted of payment for the purchase of financial investments of RMB557.5 million and payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB7.2 million, partially offset by proceeds from disposal of financial assets measured at fair value of RMB560.5 million.

In 2023, our net cash used in investing activities was RMB9.1 million, which primarily consisted of payment for the purchase of financial investments of RMB693.6 million and payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB7.3 million, partially offset by proceeds from disposal of financial assets measured at fair value of RMB690.5 million.

Net Cash Generated from Financing Activities

Our cash inflows from financing activities primarily consisted of proceeds from loans and borrowings. Our cash outflows used in financing activities consisted of repayment of loans and borrowings, capital element of lease rentals paid, dividends paid, interest paid, interest element of lease rentals paid and payments for acquisition of non-controlling interests.

In the three months ended March 31, 2026, our net cash generated from financing activities was RMB132.1 million, which primarily consisted of proceeds from loans and borrowings of RMB399.4 million, partially offset by repayment of loans and borrowings of RMB260.0 million, capital element of lease rentals paid of RMB4.1 million and interest paid of RMB2.9 million.

In 2025, our net cash generated from financing activities was RMB8.2 million, which primarily consisted of proceeds from loans and borrowings of RMB654.5 million, partially offset by repayment of loans and borrowings of RMB604.5 million, capital element of lease rentals paid of RMB19.9 million, dividends paid of RMB12.0 million and interest paid of RMB7.7 million.

In 2024, our net cash generated from financing activities was RMB115.4 million, which primarily consisted of proceeds from loans and borrowings of RMB556.1 million, partially offset by repayment of loans and borrowings of RMB415.0 million, capital element of lease rentals paid of RMB18.2 million and interest paid of RMB5.4 million.

In 2023, our net cash generated from financing activities was RMB18.7 million, which primarily consisted of proceeds from loans and borrowings of RMB241.8 million, partially offset by repayment of loans and borrowings of RMB140.0 million, dividends paid of RMB60.2 million and capital element of lease rentals paid of RMB18.3 million and interest paid of RMB2.7 million.

SELECTED BALANCE SHEET ITEMS

Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Inventories	2,082	43	24	24	24
Trade and other receivables	1,226,745	1,264,420	1,736,514	1,858,495	1,782,872
Prepayments	145,948	372,264	533,261	1,026,402	848,882
Financial assets at FVPL	3,005	—	—	2,000	—
Restricted cash	4,834	4,714	4,714	4,714	—
Cash and cash equivalents	301,345	170,518	173,881	162,780	96,913
Other current assets	353	399	707	591	8,995
Total current assets	**1,684,312**	**1,812,358**	**2,449,101**	**3,055,006**	**2,737,686**
Current liabilities					
Loans and borrowings	146,946	288,163	338,635	477,631	549,831
Trade and other payables	633,396	492,797	870,771	854,270	806,133
Contract liabilities	209,095	291,282	405,482	834,658	533,874
Lease liabilities	15,351	18,895	14,876	11,249	12,241
Income tax payable	55,116	38,172	42,543	47,560	21,474
Other current liabilities	12,546	17,425	24,042	49,623	31,649
Total current liabilities	**1,072,450**	**1,146,734**	**1,696,349**	**2,274,991**	**1,955,202**
Net current assets	**611,862**	**665,624**	**752,752**	**780,015**	**782,484**

Our net current assets increased from RMB752.8 million as of December 31, 2025 to RMB780.0 million as of March 31, 2026, primarily due to (i) the increase in prepayments of RMB493.1 million, mainly due to the prepayments we made to major media platforms in connection with our IP-based brand marketing services business in the first quarter of 2026, and (ii) the increase in trade and other receivables of RMB122.0 million, mainly due to the increase in trade receivables, net of loss allowance, which was in line with our business expansion and revenue growth, partially offset by (i) the increase in contract liabilities of RMB429.2 million, and (ii) the increase in loans and borrowings of RMB139.0 million, which was in line with our business expansion and revenue growth.

Our net current assets increased from RMB665.6 million as of December 31, 2024 to RMB752.8 million as of December 31, 2025, primarily due to (i) the increase in trade and other receivables of RMB472.1 million, mainly due to the increase in trade receivables, net of loss allowance, which was in line with our business expansion and revenue growth, and (ii) the increase in prepayments of RMB161.0 million, mainly due to the growth of our celebrity and influencer marketing services on major media platforms, leading to increased prepayments, partially offset by (i) the increase in trade and other payables of RMB378.0 million, (ii) the increase in contract liabilities of RMB114.2 million, and (iii) the increase in loans and borrowings of RMB50.5 million, which was in line with our business expansion and revenue growth.

Our net current assets remained relatively stable at RMB752.8 million as of December 31, 2025 and RMB780.0 million as of March 31, 2026, respectively.

Our net current assets remained relatively stable at RMB780.0 million as of March 31, 2026 and RMB782.5 million as of June 30, 2026, respectively.

Our net current assets increased from RMB611.9 million as of December 31, 2023 to RMB665.6 million as of December 31, 2024, primarily due to (i) the increase in prepayments of RMB226.3 million, mainly because major media platforms tightened their credit terms of prepayments to all agencies, including us, subsequently leading to increased prepayments, and (ii) the decrease in trade and other payables of RMB140.6 million, mainly due to the decrease in trade payables, primarily attributable to decreased procurement for our performance-based marketing services, for which partial prepayments were generally required, in line with the decrease in revenue from such services, partially offset by (i) the increase in loans and borrowings of RMB141.2 million, which was in line with our business expansion and revenue growth, (ii) the decrease in cash and cash equivalents of RMB130.8 million, mainly due to increased spending on the procurement of media resources from media platforms, and (iii) the increase in contract liabilities of RMB82.2 million, which was in line with our business expansion and revenue growth.

Inventories

Our inventories consisted of goods stocked for our livestream e-commerce marketing services. Our inventories decreased from RMB2.1 million as of December 31, 2023 to RMB43.0 thousand as of December 31, 2024, and further decreased to RMB24.0 thousand as of December 31, 2025 and as of March 31, 2026, primarily because we reduced the procurement of merchandise for livestream e-commerce campaigns and no longer maintained inventories of products for livestream e-commerce campaigns.

As of June 30, 2026, none of our inventories as of March 31, 2026 had been sold or utilized.

Trade and Other Receivables

Our trade and other receivables primarily represented trade receivables, net of loss allowance, bills receivable and other receivables and deposits, net of loss allowance. Our bills receivable mainly represented short-term bank acceptance receivable that entitled us to receive the full face amount from the banks at maturity, which generally ranges from three to six months from the date of issuance. We generally grant credit terms of approximately 90 days to our customers.

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, net of loss allowance	1,135,224	1,156,353	1,661,036	1,821,774
Bills receivable	74,206	48,043	54,509	15,104
Other receivables and deposits, net of loss allowance:				
— Securities and deposits	16,013	56,912	18,005	16,718
— Others	1,302	3,112	2,964	4,899
Total	**1,226,745**	**1,264,420**	**1,736,514**	**1,858,495**

Our trade and other receivables slightly increased from RMB1,226.7 million as of December 31, 2023 to RMB1,264.4 million as of December 31, 2024, primarily due to (i) the increase in securities and deposits, mainly because of an increase in deposits paid to certain major media platforms as we began providing marketing services in collaboration with such platform to further track and optimize the conversion effectiveness of marketing campaigns, and (ii) the increase in trade receivables, net of loss allowance, mainly due to the expansion of our customer base, partially offset by the decrease in bills receivable, mainly because we discounted certain bills receivable before maturity to accelerate cash collection.

Our trade and other receivables increased from RMB1,264.4 million as of December 31, 2024 to RMB1,736.5 million as of December 31, 2025, primarily due to the increase in trade receivables, net of loss allowance, which was in line with our business expansion and revenue growth, partially offset by the decrease in securities and deposits, mainly because the relevant media platform adjusted its product policies, following which we ceased our collaboration with certain major media platforms in relation to the certain marketing services.

Our trade and other receivables increased from RMB1,736.5 million as of December 31, 2025 to RMB1,858.5 million as of March 31, 2026, primarily due to the increase in trade receivables, net of loss allowance, which was in line with our business expansion and revenue growth, partially offset by the decrease in bills receivable, mainly because we discounted certain bills receivable before maturity to accelerate cash collection.

The following table sets forth the aging analysis of our trade receivables based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,136,567	1,156,869	1,665,016	1,828,419
Over one year	24,838	27,336	30,308	30,527
Less: loss allowance	(26,181)	(27,852)	(34,288)	(37,172)
Total	**1,135,224**	**1,156,353**	**1,661,036**	**1,821,774**

Our trade receivables remained relatively stable at RMB1,135.2 million as of December 31, 2023 and RMB1,156.4 million as of December 31, 2024. Our trade receivables increased significantly from RMB1,156.4 million as of December 31, 2024 to RMB1,661.0 million as of December 31, 2025, and further to RMB1,821.8 million as of March 31, 2026, primarily due to the increase in trade receivables within one year, which was in line with our business expansion and revenue growth.

The following table sets forth our trade receivable turnover days for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Trade receivable turnover days[(1)]	66.3	62.4	61.4	68.0

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables for a given year or period less allowance for impairment for that corresponding year or period, divided by the revenue for the same year or period and multiplied by 365 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.

Our trade receivable turnover days decreased from 66.3 days in 2023 to 62.4 days in 2024, primarily due to our enhanced efforts to collect outstanding trade receivables, which improved our collection efficiency. Our trade receivable turnover days remained relatively stable at 62.4 days in 2024 and 61.4 days in 2025. Our trade receivable turnover days increased from 61.4 days in 2025 to 68.0 days in the three months ended March 31, 2026, primarily due to the longer credit periods granted to certain customers during the period.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of June 30, 2026, RMB1,026.6 million, or 55.2%, of our trade receivables as of March 31, 2026, had been settled.

Prepayments

Our prepayments primarily represented advertising fees prepaid to media platforms to secure media resources. Our prepayments increased from RMB145.9 million as of December 31, 2023 to RMB372.3 million as of December 31, 2024, mainly because major media platforms tightened their commercial terms of prepayments to all agencies, including us, subsequently leading to increased prepayments. Our prepayments increased from RMB372.3 million as of December 31, 2024 to RMB533.3 million as of December 31, 2025, primarily due to the growth of our celebrity and influencer marketing services on major media platforms, leading to increased prepayments. Our prepayments increased from RMB533.3 million as of December 31, 2025 to RMB1,026.4 million as of March 31, 2026, mainly due to the prepayments we made to major media platforms in connection with our IP-based brand marketing services business in the first quarter of 2026.

Financial Assets at FVPL

Our financial assets at FVPL represented wealth management products. Our financial assets at FVPL decreased from RMB3.0 million as of December 31, 2023 to nil as of December 31, 2024 and remained nil as of December 31, 2025, primarily because we generally redeemed each wealth management product in the year in which we purchased it or in the following year. Our financial assets at FVPL increased from nil as of December 31, 2025 to RMB2.0 million as of March 31, 2026, primarily because one of our subsidiaries purchased wealth management products.

Trade and Other Payables

Our trade and other payables consisted of (i) trade payables, (ii) accrued payroll, (iii) other tax payables, (iv) dividends payable, and (v) other payables and accruals.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	546,238	397,474	755,938	765,509
Accrued payroll	46,961	48,237	55,650	33,533
Other tax payables	35,426	37,213	47,769	45,214
Dividends payable	—	—	2	2
Other payables and accruals	4,771	9,873	11,412	10,012
Total	**633,396**	**492,797**	**870,771**	**854,270**

Our trade and other payables decreased from RMB633.4 million as of December 31, 2023 to RMB492.8 million as of December 31, 2024, primarily due to the decrease in trade payables, primarily attributable to decreased procurement for our performance-based marketing services. Our trade and other payables increased from RMB492.8 million as of December 31, 2024 to RMB870.8 million as of December 31, 2025, primarily due to the increase in trade payables, primarily attributable to increased procurement for our performance-based marketing services. Our trade and other payables remained relatively stable at RMB870.8 million as of December 31, 2025 and RMB854.3 million as of March 31, 2026.

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	507,980	328,894	665,571	670,254
Over one year	38,258	68,580	90,367	95,255
Total	**546,238**	**397,474**	**755,938**	**765,509**

The following table sets forth our trade payables turnover days for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	33.3	26.8	26.3	31.0

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a given year or period divided by our cost of sales for the corresponding year or period and multiplied by 365 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.

Our trade payables turnover days decreased from 33.3 days in 2023 to 26.8 days in 2024, primarily because certain major media platforms revised its payment policies and shortened the credit terms offered to all of its business partners, including us, in 2024, requiring us to settle the relevant amounts within a shorter period and thereby reducing our overall trade payables turnover days. Our trade payables turnover days remained relatively stable at 26.8 days in 2024 and 26.3 days in 2025. Our trade payables turnover days increased from 26.3 days in 2025 to 31.0 days in the three months ended March 31, 2026, primarily due to (i) an increase in our procurement of media resources and advertising traffic for IP-based brand marketing services, in respect of which longer credit periods were generally granted to us; and (ii) increases in the credit limits granted to us by certain major media platforms.

As of June 30, 2026, RMB629.7 million, or 82.3%, of our total trade payables as of March 31, 2026, had been subsequently settled.

Contract Liabilities

Our contract liabilities consisted of advance payments from customers for specific marketing campaigns. During the Track Record Period, we required these customers to make partial prepayments based on their credit profiles and history of cooperation with us. Our contract liabilities would be recognized as revenue upon the rendering of services.

Our contract liabilities increased from RMB209.1 million as of December 31, 2023 to RMB291.3 million as of December 31, 2024, and further to RMB405.5 million as of December 31, 2025, which was in line with our business expansion and revenue growth. Our contract liabilities significantly increased from RMB405.5 million as of December 31, 2025 to RMB834.7 million as of March 31, 2026, primarily due to the increase in advance receipts from customers for our IP-based brand marketing services.

As of June 30, 2026, RMB373.7 million, or 44.8%, of our contract liabilities as of March 31, 2026, had subsequently been recognized as revenue.

Non-current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	11,917	11,978	9,519	7,508
Investment property	9,745	8,662	7,579	7,308
Right-of-use assets	36,112	32,189	48,435	41,757
Intangible assets	291	383	256	229
Interests in associates	851	—	—	—
Financial assets at FVOCI	789	113	543	546
Long-term receivables	9,619	11,314	9,148	9,085
Deferred tax assets	7,564	8,258	9,720	10,637
Other non-current assets	—	149	2,423	2,765
Total non-current assets	**76,888**	**73,046**	**87,623**	**79,835**
Non-current liabilities				
Lease liabilities	21,584	13,781	33,354	31,078
Total non-current liabilities	**21,584**	**13,781**	**33,354**	**31,078**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) plant and buildings, (ii) equipment and machinery, (iii) vehicles, and (iv) leasehold improvements.

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plant and buildings	624	582	543	533
Equipment and machinery	6,282	5,064	4,360	4,258
Vehicles	1,368	765	209	101
Leasehold improvements	3,643	5,567	4,407	2,616
Total	**11,917**	**11,978**	**9,519**	**7,508**

Our property, plant and equipment remained relatively stable at RMB11.9 million and RMB12.0 million as of December 31, 2023 and 2024, respectively. It subsequently decreased to RMB9.5 million as of December 31, 2025, primarily due to depreciation charges, and further decreased to RMB7.5 million as of March 31, 2026, primarily due to depreciation charges.

Investment Property

Our investment property represented properties for rental purposes. Our investment property amounted to RMB9.7 million, RMB8.7 million, RMB7.6 million and RMB7.3 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively, primarily due to the depreciation of investment property.

Right-of-use Assets

Our right-of-use assets primarily consisted of offices under long-term leases. Our right-of-use assets decreased from RMB36.1 million as of December 31, 2023 to RMB32.2 million as of December 31, 2024, primarily due to the early termination of our then existing lease agreement. Our right-of-use assets increased from RMB32.2 million as of December 31, 2024 to RMB48.4 million as of December 31, 2025, primarily due to the commencement of a new lease during the year. Our right-of-use assets decreased from RMB48.4 million as of December 31, 2025 to RMB41.8 million as of March 31, 2026, primarily because the remaining terms of our leases shortened.

Financial assets at FVOCI

Our financial assets at FVOCI amounted to RMB0.8 million, RMB0.1 million, RMB0.5 million and RMB0.5 million, as of December 31, 2023, 2024 and 2025, and March 31, 2026, respectively.

During the Track Record Period, our financial assets at FVOCI were classified as Level 3 under the fair value measurement ("**Level 3 Financial Assets**"). Our Level 3 Financial Assets consisted of wealth management products and unlisted equity securities during the Track Record Period. When assessing the Level 3 Financial Assets, we took into account the guidance under the Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions issued by the SFC in May 2017, which is applicable to directors of companies listed on the Stock Exchange. Upon the [REDACTED], if an investment in unlisted equity securities constitutes a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the applicable requirements.

Long-term Receivables

Our long-term receivables primarily represented deposits placed with media platforms. Our long-term receivables increased from RMB9.6 million as of December 31, 2023 to RMB11.3 million as of December 31, 2024, primarily because, in connection with our business growth, we (i) paid additional deposits to certain major media platforms, and (ii) paid more rental deposits for the lease of additional office premises in Shanghai and Hangzhou. Our long-term receivables decreased from RMB11.3 million as of December 31, 2024 to RMB9.1 million as of December 31, 2025, primarily because we relocated our offices in Shanghai and Beijing and recovered the rental deposits of our former premises. Our long-term receivables remained stable at RMB9.1 million as of December 31, 2025 and March 31, 2026.

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated.

	As of December 31,			As of March 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current					
Loans and borrowings	146,946	288,163	338,635	477,631	549,831
Lease liabilities	15,351	18,895	14,876	11,249	12,241
Non-current					
Lease liabilities	21,584	13,781	33,354	31,078	33,005
Total	**183,881**	**320,839**	**386,865**	**519,958**	**595,077**

Loans and Borrowings

As of December 31, 2023, 2024 and 2025 and March 31, 2026 and June 30, 2026, our loans and borrowings amounted to RMB146.9 million, RMB288.2 million, RMB338.6 million, RMB477.6 million and RMB549.8 million, respectively, mainly representing interest-bearing borrowings. During the Track Record Period, our bank borrowings were all denominated in RMB with fixed interest rates ranging from 2.30% to 6.20%. As of June 30, 2026, our unutilized facilities amounted to RMB170 million. For further information regarding our interest-bearing borrowings, see Note 24 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that there was no default in payments of our liabilities during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities represent future rental payments payable related to our leased office premises. Our lease liabilities decreased from RMB36.9 million as of December 31, 2023 to RMB32.7 million as of December 31, 2024, primarily because we made lease payments and the remaining lease term for our Shanghai headquarters shortened. Our lease liabilities increased from RMB32.7 million as of December 31, 2024 to RMB48.2 million as of December 31, 2025, primarily because we entered into a lease for our new Shanghai headquarters with a larger leased area and resulted in higher lease liabilities. Our lease liabilities decreased from RMB48.2 million as of December 31, 2025 to RMB42.3 million as of March 31, 2026, primarily due to lease payments and the termination of the previous lease for our Shanghai headquarters. Our lease liabilities increased from RMB42.3 million as of March 31, 2026 to RMB45.2 million as of June 30, 2026, primarily because we leased additional

office premises to accommodate the growth in our workforce. For the maturity analysis and other detailed information regarding our lease liabilities, see Note 27 to the Accountants' Report in Appendix I to this document.

No Other Outstanding Indebtedness

Except as disclosed above, as of June 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since June 30, 2026.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURE

Our capital expenditure consisted of payment for the purchase of property, plant and equipment, intangible assets and other non-current assets. Our capital expenditure in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026 was RMB7.3 million, RMB7.2 million, RMB5.9 million, RMB0.6 million and RMB1.0 million, respectively.

We expect to incur capital expenditure to support the growth of our business. We expect to fund this capital expenditure with a combination of cash flow generated from operating activities, equity and debt financing and [REDACTED] from the [REDACTED].

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we did not have any material capital commitments.

KEY FINANCIAL RATIOS

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

	As of/For the Year Ended December 31,			As of/For the Three Months Ended March 31,
	2023	2024	2025	2026
Revenue growth rate	N/A	7.2%	25.0%	44.1%
Gross profit margin	4.0%	4.2%	4.3%	4.1%
Net profit margin	1.2%	0.9%	1.1%	0.9%
Current ratio[(1)]	1.6 times	1.6 times	1.4 times	1.3 times
Return on equity[(2)]	11.6%	8.3%	12.5%	10.7%

Notes:

(1) Current ratio equals balance of total current assets at the end of that year or period divided by balance of total current liabilities at the end of that year or period.

(2) Return on equity equals profits for the year/period divided by average balance of total equity at the beginning and the end of that year or period multiplied by 100%. Return on equity for the three months ended March 31, 2026 was annualized by multiplying the result by four.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 33 to the Accountants' Report in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risks (such as foreign currency risk), credit risk and liquidity risk. See Note 31 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS

We declared and approved dividends of nil, RMB0.5 million, RMB12.0 million, and nil in 2023, 2024, 2025 and three months ended March 31, 2026, respectively.

We do not have any fixed dividend policy nor pre-determined dividend payout ratio. 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.

DISTRIBUTABLE RESERVES

As of March 31, 2026, our Company had retained earnings of RMB562.0 million.

[REDACTED]

Our [REDACTED] mainly included (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the [REDACTED], the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK$[REDACTED] and other fees and expenses of HK$[REDACTED]. An estimated amount of HK$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our total [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. During the Track Record Period, the relevant [REDACTED] were not charged to our consolidated statement of profit or loss.

FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [REDACTED] Financial Information."

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 trading position or prospects since March 31, 2026, being the latest date of our historical financial information, and there has been no event since March 31, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.